

The Nation's Business

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Finance . Education . Professions
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The Annual Meeting

Business depression is affecting the attendance at meetings of commercial and civic associations. On this account some organizations have omitted the holding of conventions this year.

At its Annual Meeting to be held at the New Willard Hotel, Washington, D. C., February 3, 4 and 5, 1915, the Chamber of Commerce of the United States is, on the contrary, expecting a full attendance and this expectation is fortified by the unusually large number of reservations by delegates that have already been made at Washington hotels.

And this is in fact in line with the true logic of the existing situation. Critical times or times of depression call for the best consideration and judgment of the representative business men of the country. The Annual Meeting of the National Chamber offers the most important and influential forum for such consideration and judgment.

Six hundred commercial organizations are now affiliated in the National Chamber. Their dele-

gates will be called upon to consider at the Annual Meeting the most critical national questions now confronting the commercial interests of the Nation.

A considerable part of the program will be devoted to foreign trade, the elimination of undue restriction, the upbuilding of the merchant marine, and the aid that can be rendered by the Federal Reserve Board.

Recently enacted business legislation will be thoroughly discussed in all its constructive and restrictive aspects.

Reports from important committees will be submitted calling for final action or submission to referendum in the discretion of the convention.

The Secretary of Commerce will address the convention and all those invited as speakers will be recognized experts in official or business life upon the subjects to be dealt with.

Delegates are advised to make their reservations at once.

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BASIL MILES
ACTING EDITOR

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THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

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THE Report of the Special Committee on Trust Legislation appearing on the opposite page is published at this time in order that it may receive the most careful analysis by commercial organizations and their delegates prior to the Annual Meeting of the Chamber, at which it is to be submitted for action. It represents a definite program put forward by the unanimous action of the Committee for legislation clearly to eliminate undue restriction on combination for the foreign trade and thus enable American producers to cope on more equal terms with their competitors in countries where combination is recognized, or even fostered, rather than restricted. As pointed out in the Report, the Chamber had previously gone on record through Referendum Number 7 in favor of having the Federal Trade Commission when appointed consider and report on the advisability of greater freedom for combination in the foreign trade, but the situation developed by the war in Europe makes it a question of immediate importance, the determination of which should not be postponed to await the action of a Commission not yet appointed.

THE article in this number by Hon. Curtis Guild, ex-Ambassador to Russia calls timely attention to the fact that South America offers by no means the only nor yet the largest market for American exports which the European war has developed for American producers. Proximity and the opening of the Panama Canal have led to perhaps undue concentration on South America where financial conditions are at present distinctly unfavorable to a large development to the detriment of other countries within our reach across the Pacific and in Europe where like financial conditions do not stand in the way. The National Chamber through its Bulletin Service has now gone round the globe pointing out from latest available statistics the extent of the markets which Germany and Austria previously exploited in foreign

countries. The people in these countries have to look in large part to others to supply them with these goods, or go without. They should in every way be encouraged to look to the United States.

Another Hour of Daylight

THE Chicago Association of Commerce has recently been giving serious attention to the proposition to set the clock ahead one hour in order to secure an extra hour of daylight at the end of the working day, and reports in the daily press state that the question will be submitted by the Association to the National Chamber for consideration by referendum, although no formal notification to this effect has yet been received.

Some persons are disposed to treat this proposal lightly and make it a subject of ridicule. Nevertheless the Sixth International Congress of Chambers of Commerce which met in Paris last June passed a resolution looking to an international understanding in favor of saving daylight at least during the summer months and such an important body as the Chicago Association has discussed the question at length. It is not for THE NATION'S BUSINESS to express any opinion at this time, particularly if the plan is to be submitted at a later date to a referendum vote, but it can properly point out some interesting phases of the question.

On the one hand, it is urged that the plan would involve disturbance of custom and business conditions which cannot be measured in advance. It is said also that the same object could be obtained by a general agreement to start work one hour earlier and that the arbitrary change in the clock would be insufficient and that people would still begin and end work at the same time by the sun.

On the other hand, it is claimed that thousands cross the Atlantic every year and have the clock advanced or retarded every day of the voyage without serious inconvenience. It is therefore urged that the plan would prove effective and that where an eight hour day prevails, there would remain at the close of the working day four or five hours,—nearly half a waking day—before sunset for healthful recreation.

The Rate Decision

IN twenty-seven years the railroads have not effected any general advance in freight rates for any given territory. The net income of the railroads in the great commercial and industrial region of the country, extending from the Atlantic coast to the Mississippi and from the Ohio and the Potomac to Canada, is now smaller than is demanded in the interests both of the public and of the railroads. These are recent statements of the Interstate Commerce Commission, made after a study which in reality has extended over four years. For more than a generation the freight rates of the country have in effect been calculated upon the rate of seventy-five cents a hundred pounds between New York and Chicago.

Since 1910 the railroads have been contending before the Interstate Commerce Commission for higher freight rates. On July 29 of this year, their broad concrete requests were a second time refused, not upon the ground, however, that there was any fault in principle but by reason of defects in method. At the same time the railroads had opened to them some sources of new revenue which they have since put into effect, such as increases in passenger fares and charges of two dollars a car for reconsigning freight. Upon a large part of the freight moving in the four states west of Pittsburgh they were in fact given permission to increase freight rates by five percent,—advances which are now in effect.

Within two days after the decision at the end of July, war began in Europe, and its commercial effects in the United States fell immediately upon the railroads. In September the Commission granted further hearings concerning circumstances which it now says, in a decision of December 16, collectively present a new situation. In view of this new condition of affairs,—involving net revenues still lower than those the Commission had already declared inadequate and high rates of interest made still higher in the face of obligations maturing within three years to an aggregate of more than half a billion dollars,—the Commission declares that the railroads eastward of Pittsburgh and Buffalo may increase their freight rates horizontally by five percent, and may do it as early as December 26. They may not, however, use this permission to increase rates on goods carried by lake and rail, coal, iron ore, or some other articles to which peculiar circumstances apply, such as recent increases or special investigations on the part of the Commission. Of the new revenues the roads are to keep separate account and make report to the Commission.

The property investment of the thirty-five railroad systems in question approximates seven billion dollars. This region produces seventy-two percent of the manufactures of the country and seventy percent of the products of mines and quarries. These are indications of the vastness of the industrial and commercial community the interests of which are involved in a decision which the Commission itself justifies by citing the great necessity that transportation facilities be kept abreast of the requirements of the shipping public.

Advisory Council

COOPERATION distinguishes the new banking system. The essential importance of cooperation was emphasized by the National Chamber which in its Referendum Number Four advocated provision for keeping the governing body of the whole system intimately informed about the needs of business. In August, 1913, the Chamber's committee recommended a Federal Advisory Council to express to the Federal Reserve Board the judgment of the business and banking interests of the country. Such a council, one member from each of the twelve Federal reserve districts, was in fact created in the Federal Reserve Act which became law in December, 1913.

Members

On December 15, 1914, within one month of the active inauguration of the Federal reserve system, the Federal Reserve Council met in Washington with the Federal Reserve Board. The members of the council are: Messrs. Daniel G. Wing, president of the First National Bank, Boston; J. P. Morgan, banker, New York; Levi L. Rue, president of the Philadelphia National Bank; W. S. Rowe, president of the First National Bank, Cincinnati; George J. Seay, governor of the Reserve Bank of Richmond; Charles A. Lyerly, president of the First National Bank, Chattanooga; J. B. Forgan, president of the First National Bank, Chicago; Rolla Wells, governor of the Federal Reserve Bank of Saint Louis; C. T. Jaffray, vice-president of the First National Bank, Minneapolis; E. F. Swinney, president of the First National Bank of Kansas City; J. Howard Ardrey, cashier of the City National Bank, Dallas; and Archibald Kains, governor of the Federal Reserve Bank of San Francisco.

Executive Committee

The law allows the Council to adopt its own method of procedure. Consequently, the Council has selected an executive committee, composed of Messrs. Forgan (president of the committee), Rue (vice-president), Wing, Morgan, and Rowe.

First Meeting

In the two sessions with the Reserve Board which occurred at the first meeting of the Council, the Board asked each member of the Council to describe present business and banking conditions in his part of the country, and also asked the advice of the Council upon a number of questions, such as time deposits, the use of acceptances, and admission of State banks into the reserve system. On the last point it was suggested that in admitting State banks the Board be careful not only to permit entrance only of banks which are strong and capable of performing service in a commercial way but also to protect national banks in full enjoyment of their privileges.

The executive committee of the Council met in New York on December 18 and considered the recommendation it will make to the Reserve Board concerning admission of state banks, the clearance of checks, the discount policy of reserve banks—the open-market operations of reserve banks, and the like.

Annual Meeting, Washington, February 3rd, 4th, 5th, 1915

Combination of Business Interests in Export Trade

Report of the Special Committee of the National Chamber on Trust Legislation

This Report has been submitted to the Board of Directors and by mail vote a majority of the Board has authorized its immediate publication and its submission for action to the Annual Meeting in Washington, February 3 to 5, 1915. The National Chamber in Annual Meeting may act finally on the Report or order it submitted to the organization members for a referendum vote.

TO THE BOARD OF DIRECTORS OF THE
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA:

On March 31, 1914, your Special Committee on Trust Legislation submitted a report relative to the proposal then pending in Congress for the creation of an interstate trade commission, which contained the following recommendation:

"The Committee recommends that Congress should direct the commission to investigate and report to Congress at the earliest practicable date on the advisability of amending the Sherman Act to allow a greater degree of cooperation in the conduct, and for the protection, of the foreign trade."

The report which contained this recommendation was submitted to the vote of the constituent organizations of the Chamber of Commerce of the United States of America in Referendum No. 7, dated April 14, 1914, "In regard to the Proposal to Create an Interstate Trade Commission." On this particular recommendation relative to a greater degree of cooperation in the foreign trade 538 votes were cast in favor to 67 opposed.

The Act to create a Federal Trade Commission, approved September 26, 1914, contained the following clause:

(Section 6) "That the Commission shall also have the power . . . (h) to investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon with such recommendations as it deems advisable."

At the time this report is submitted the Federal Trade Commission has not been appointed and it is obvious that it would not be possible for that body to complete an investigation and report on this subject for some time to come. The advent of the war in Europe makes it of the utmost importance that legislation on this subject should be enacted as early as possible and your Committee would therefore recommend that the Chamber take steps to promote the passage of a bill embodying what is obviously the desire of an overwhelming majority of the constituent members of the Chamber, as indicated in the referendum vote above referred to.

The principles to be embodied in such a bill should, in the judgment of your Committee, be as follows:

First:—All combinations entered into or carried on in good faith for the sole purpose of increasing, facilitating or benefiting *Export Trade*, including agreements, transactions and acts entered into, performed or carried out in the course of *Export Trade*, which do not restrain or monopolize or tend to restrain or monopolize trade within the United States shall be lawful.

Second:—The term "Export Trade" should be confined to trade or commerce from the United States to any foreign nation; and the term "foreign nation" should not include any of the insular possessions of the United States.

Third:—That the Federal Trade Commission should be given the same power with reference to organizations, associations, agreements, transactions or acts entered into, performed or carried out in the course of *Export Trade* which it has reason to believe restrains or monopolizes or tends to restrain or monopolize trade within the United States, as it has under the Federal Trade Commission Act in the matter of unfair methods of competition.

Fourth:—That none of the powers conferred upon the Federal Trade Commission in the Act entitled "An Act to create a Federal Trade Commission," etc., should be in any way abridged in such a bill.

The Board will note that the Committee confines its recommendations for a bill dealing with foreign trade to export trade alone. In its report submitted to vote in Referendum No. 7 the committee gave as the main argument the following:

"In domestic interstate trade a combination of buyers as well as a combination of sellers can be reached by the laws of the United States. In the foreign trade, however, a combination of buyers beyond the reach of control by the United States may practically dictate the prices at which American goods may be sold in foreign markets, in the absence of authority to American manufacturers and exporters to cooperate to maintain prices abroad."

"In foreign markets, moreover, American manufacturers have often to compete with foreign manufacturers who in many instances not only have sanction of local law for acting in cooperation with other members of their industry but in effect receive subsidies from their governments when they sell outside their own countries."

These reasons still hold force at the present day under the new conditions created by the war and will acquire a far greater significance when the nations now at war, whose foreign trade has been curtailed, again enter into active competition for foreign markets. Unquestion-

ably, combinations have been formed and will continue to be formed among purchasers abroad, which have injured and will continue to injure the business of American producers unless permission is given to our own industries to protect themselves by combinations of sellers. Your Committee does not see how the interests of the exporters of American products could be in any way injured by permitting a combination of sellers provided the Federal Trade Commission is given full power to prevent unfair practices, detrimental to the interests of any American producers and also to prevent any action by such combinations which tends to restrain trade or promote monopoly within the United States.

The situation affecting the foreign trade of the United States, created by the unexpected war in Europe, gives the ground for urging immediate action rather than waiting for investigation and report by the Federal Trade Commission.

In attempting to secure a foreign market for his goods the smaller American manufacturer who is in a position to produce more goods than his domestic market will consume is faced at the outset by the large expense coupled with delayed returns involved in creating and maintaining a selling agency. In order that he may take advantage of the foreign trade opportunity created by the war, together with the larger firms and corporations already established in foreign trade, he must be permitted to cooperate with his fellows in like lines of production in supporting a common selling agency and consequently in entering into agreements as to distribution, both of expenses and of profits.

While it is not clear today precisely to what extent existing antitrust laws would prevent such arrangements entered into in good faith, it is more than apparent that under the laws as they stand American manufacturers are afraid to combine to enter the foreign field and that if this condition is not remedied the United States will not begin to take full advantage of present foreign trade opportunities.

To settle such doubts as now clearly exist, as well as to obviate any actual unreasonable restrictions in existing antitrust laws which may apply to foreign trade, your Committee recommends prompt action by the Chamber along the lines it has indicated in this report.

In considering the points of opposition which may arise to the plan for amendment of the antitrust laws here embodied your Committee desires to lay emphasis on the purposes of these laws, which were fundamentally to protect both the American consumer and the independent American manufacturer from possible oppression by the large combination or monopoly. It was not within these purposes, and it would not be sound and economically advisable even from a moral standpoint, for this government to assume to protect consumers and producers in other countries, where other conditions prevail and where governments exist with full power to act for the benefit of their own citizens, from any results, baleful or otherwise, of business combination in the United States. The sole grounds of opposition will arise from fear that through permission to combine for export trade some injury may result to American consumers and the smaller American manufacturers.

This fear is, in the opinion of your Committee, not well grounded. The principles of new legislation recommended in this report make clear, on the one hand that the Federal Trade Commission shall have power to restrain and prevent action by combinations in foreign trade which react as an undue restraint upon internal commerce, while, on the other, they specifically provide that the provisions of the Federal Trade Commission Act which permit the Commission to restrain and prevent unfair methods of competition (embodied in Section 5 of the Act) shall have full application to the foreign trade.

Congress has already taken an important step in differentiating between the regulation of foreign trade and interstate trade in the "Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, and popularly known as the Clayton Act. The parts of this legislation which place prohibition upon discriminations in prices and upon exclusive agency contracts are expressly prevented from applying to sales of goods for export to foreign countries. In other words, in the Clayton Act Congress indicated that so far as the export trade is concerned it has no objection to discriminations in prices and to exclusive agency contracts even though their results may substantially lessen competition or even tend to create a monopoly in a line of commerce.

Respectfully submitted,

SPECIAL COMMITTEE ON TRUST LEGISLATION.

R. G. RHETT, Chairman,
CHARLES F. MATHEWSON,
GEORGE RUBLEE,
W. L. SAUNDERS,
HENRY R. SEAGER,
GUY E. TRIPP,
CHARLES R. VAN HISE.

December 1, 1914.

Administration Legislation of this Winter

For the seventh time the President on December 8 personally addressed the members of this Congress. Four of the addresses have dealt immediately with questions of national-business concern and pointed the way for legislation,—on the tariff, on banking and currency, on business practices in their relation to restraint of trade and monopoly, and emergency taxes for internal revenue. The legislation advocated in the latest address is here set out with some explanation.

A Business Congress

CONGRESS has a term of two years,—from March in an odd-numbered year to March in the second odd-numbered year. Each Congress must meet for business at least twice, in December of each year. On extraordinary occasions the President may convene the two Houses at other times.

The present Congress was extraordinarily convened on April 7, 1913, and then entered upon a session which during its first month was confined in its discussions to proposals for new tariff legislation.

In June, 1913, however, and four months before tariff legislation was enacted, the President in an address before the House and Senate meeting in joint session directed attention to legislation upon the subject of banking and currency, as in his proposals for revision of the tariff advocating expedition because of the interests of business men which were involved.

Immediately after the completion of legislation revising the tariff and applying new principles in Federal arrangements for banking and currency the President again addressed Congress, on January 20, upon another subject of far-reaching business importance, new statutes auxiliary to the Sherman Act and for its more definitive enforcement.

When Congress adjourned on October 24, 1914, it had in effect been in active session for the greater part of nineteen months, formulating legislation of immediate business significance. As the third session, which opened on December 7, will continue until March 4, 1915, with the recess at Christmas reduced to a minimum, the House and Senate of this Congress will have been busy with legislation almost twenty-two months out of the twenty-four months that are possible. Thus a condition of continuous session has been more nearly approached than in any other Congress.

End of Business Program

In addressing the Congress on December 8 the President said "Our program of legislation with regard to the regulation of business is now virtually complete. * * * Our thoughts are now more of the future than of the past."

This statement is understood to mean that the third bill, in regulation of the issue of securities by railroads, which passed the House and came from committee in the Senate with the bill for a trade commission and the Clayton bill, will at least not be urged further in this Congress.

Foreign Trade

The President's address refers frequently, in differing phases, not so much to the opportunities but rather to the duties of the United States in foreign trade. "We face new tasks, have been facing them for six months, must face them in the months to come,—face them without partisan feeling, like men * * * whose thought is not of us but of what America owes to

herself and to all mankind in such circumstances as these upon which we look amazed and anxious. * * * (Several of the countries of Europe) will need our help and our manifold services as they have never needed them before; and we should be ready, more fit and ready, than we have ever been before. * * * To develop our life and our resources; to supply our own people, and the people of the world as their need arises, from the abundant plenty of our fields and our marts of trade; to enrich the commerce of our own States and of the world with the products of our mines, our farms, and our factories, with the creations of our thoughts and the fruits of our character,—this is what will hold our attention."

Latin American Trade

"The nations whom England has usually supplied with innumerable articles of manufacture and commerce of which they are in constant need and without which their economic development halts * * * eagerly look to us to supply their all but empty markets. This is particularly true of our neighbors, the States, great and small, of Central and South America, * * * Here are markets which we must supply."

Our Readiness

There are two difficulties, according to the President's address: We are not fully ready to utilize our resources, and we have not at hand the means to distribute the resources we have prepared for use. Among the facilities which accomplish distribution in foreign trade the address mentions only the most direct, merchant vessels. The resources to which the President expressly refers are the minerals, the timber, and the waterpowers over which the Government exercises control. These, he says, are locked up. "The laws we have made do not intelligently balance encouragement against restraint. We withhold by regulation." The address does not discuss, however, revision of the mining laws, for which there has long been demand; it makes no mention of the bill which extends the policy of leasing already adopted for Alaska to the coal, oil, and phosphate lands of the West; and it does not suggest new legislation regarding the management of the forest reserves.

Water Powers

Water powers are the only subject connected with natural resources about which the address is explicit, urging prompt passage of two bills which have already passed the House. One of these bills (H. R. 16673) concerns water powers upon the public lands of the West. At present 1,991,000 acres of public lands, involving power sites are withdrawn from acquisition by the public, and it is estimated that on these power sites and those in forest reserves at least 18,000,000 horsepower can be developed. Existing law allows the Secretary of the Interior to issue permits for the development of water powers on public lands but these permits are revocable in the

Secretary's discretion, an incident which, although never exercised, has made difficulties in financing projects. The new bill in effect will allow leases for a definite term,—fifty years,—with the title in the sites reserved in fee to the United States. The bill is now being discussed at well-attended meetings before the Senate Committee on Public Lands.

Water Powers on Navigable Streams

In the early part of 1913 there was much debate in the Senate whether or not the jurisdiction of the Federal Government over navigable waters would allow the United States as a condition to a permit granted for the construction of a dam to exact a yearly charge upon the water power developed and sold. This question was apparently settled in the affirmative soon afterward by the decision of the United States Supreme Court in the case of Chandler Dunbar Water Power Company.

The second bill (H. R. 16053) urged by the President relates to water powers developed by dams built on navigable streams but does not raise the old controversy of 1913, being a revision of the General Dam Act of 1906 which indicated the procedure and the conditions which persons receiving authority of Congress to build dams are to follow. In regard to water power developed at dams the revision follows generally the plan of the bill about water powers on public lands, authorizing permits for power development which are to run fifty years and providing for regulation of rates charged for power. This bill is now before the Senate Committee on Commerce.

Merchant Marine

Our greatest difficulty in the present situation the President seems to find in the state of the American merchant marine. "We have grossly erred in the way in which we have stunted and hindered the development of our merchant marine. And now, when we need ships, we have not got them. * * * How are we to carry our goods to the empty markets of which I have spoken if we have not the ships? How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends?"

Obstacles to private capital providing merchant vessels, according to the address, lie in the fact that needed lines may not at first be profitable, if reasonable freight rates are charged. For enlargement of American foreign trade the requirements are stated to be many vessels, regular sailings, and moderate charges.

Government Purchase

Intervention by the Government the President declares is essential, and he opposes subsidies as a device which when used to develop facilities for land transportation in the West proved to have disadvantages. Consequently, he advocates immediate enactment of the so-called ship-pur-

chase bill, which has now been reported from committee in both House and Senate.

According to this bill the Federal Government, acting through a Shipping Board composed of the Secretaries of Commerce and the Treasury and the Postmaster General, and a corporation in which the Government would hold a controlling interest could with an aggregate possible expenditure of \$40,000,000 purchase and operate merchant vessels in overseas commerce. By a recent amendment in the text of the bill these vessels might also be chartered or otherwise disposed of to any corporation, even though the Government had no ownership in its stock.

Concerning this bill the President says, "The Government must open these gates of trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them at a venture. It is not a question of the Government monopolizing the field. It should take action to make it certain that transportation at reasonable rates will be promptly provided, even where the carriage is not at first profitable; and then, when the carriage has become sufficiently profitable to attract and engage private capital and engage it in abundance, the Government ought to withdraw."

Criticism of Government Purchase

A minority of the members of the House Committee on Merchant Marine which reported the pending bill opposed its plan. They asserted that the purchase and operation of vessels now under foreign flags would raise serious questions of neutrality on the part of the United States as between belligerent European nations, that in effect there would be an attack upon the capital and the business of American citizens who have invested in merchant vessels, even though these vessels are under foreign flags, that there are vessels available for all shipments which will be offered, and that public operation would be costly and wasteful. By way of illustration of the last point, it is said that the Panama Steamship Company, which is owned by the Government, has shown a deficit of \$12,000 in the past three years.

Senate Caucus

On December 12 majority members of the Senate met in caucus regarding the legislation which would be expedited for passage before March 4. In order to reduce the chances that an extra session of Congress may be necessary in the spring to provide funds for Government departments after next June, it was agreed that appropriation bills should have precedence, as in fact they already have under the rules of the Senate. It was also agreed that the bills mentioned by the President should be advanced in their consideration, that Congress should recess for the Christmas holidays only from December 23 to De-

(Continued on page 5.)

Russia and American Trade

By Honorable Curtis Guild

Recently American Ambassador to Russia

IT is well, during the progress of the present Armageddon, that the United States with its European trade to a certain extent dislocated and distorted, should turn its attention to countries that are at peace. The war, however, cannot last forever. Indeed there is every indication that it will end within a few months. Whether early or late, it must end and it is not too early therefore to consider European markets.

Of these, the Russian market is the least understood and the most misrepresented by the political enemies of Russia who seek not only the physical destruction of individual members of the Government at home but fight that government by syndicated sensational articles, not merely in the United States but in other countries, whose real object is to undermine Russian credit abroad.

Americans who have disregarded such sensational articles, who have gone to Russia themselves, have asked to be shown, whether selling reaping machines, light, cheap motor cars, or shoes, have reaped a golden harvest. To get an accurate idea of conditions one must not consider, of course, the figures of any year affected by the war.

RUSSIA SELLS TO U. S.

Russia exports to us but a comparatively limited list of goods, but the goods she does sell us are materials for manufacture which we should be forced to import by transshipment even if a further straining of relations brought about an unthinkable mutual boycott.

We imported goods of Russian origin during the fiscal year ending June 30, 1913, according to the official statistics of the Commerce Department to the value of over twenty-nine million dollars. Seventeen millions represented hides of calves, cattle, goat and sheep. Horse-hides are not included but the bulk of our three million dollars worth of such imports are Russian. Not only are we dependent on Russia for pony coats used by automobilists but every American baseball has to be covered with Russian horsehide, the only leather tough enough to stand the wear and tear. Three and a half millions of dollars represented our imports of Russian carpet wools. No wool of this type is raised in the United States. A million dollars represented flax, nearly all of which must be imported. In case of a tariff war between Russia and the United States there is not one article of importance now imported from Russia that we should not still have to import, though in that case indirectly, and plus the profit of the intermediary merchant in some country of transshipment.

EXPORT FIGURES MISLEADING

Now according to the same American official authority we exported to Russia in the fiscal year ending June 30, 1913, American goods to the value of over twenty-six million dollars. The chief items of these exports were agricultural implements (nearly nine millions of dollars in value, Russia purchasing more than Canada or any other country); copper (a million dollars); cotton (four million dollars); binder-twine (over

a million dollars); typewriters (a million dollars); rosin (a million dollars).

These export statistics are, however, almost valueless for while our Government can tell, by enforcing the marking of imports, the country of origin of imports, it cannot tell the ultimate country of consumption of our exports. The Russian figures of imports, though themselves defective, show that our exports to Russia are enormously in excess of the export figures given by our own Treasury Department.

There is but little direct communication with Russia, and American exports for Russian consumption shipped through commission houses in London, Hull, Antwerp, Marseilles, Hamburg and other ports figure in our exports not to Russia but to England, Belgium, France and Germany, the countries not of consumption but of the port or transshipment.

U. S. SECOND IN SALES

Our exceptionally able Consul General at Moscow, Mr. John H. Snodgrass of West Virginia, reports that even two years ago the United States had passed the United Kingdom and become second only to Germany as a source of Russian imports.

Builders' hardware, for example, finds no place in the American statistics yet Connecticut benefits by millions annually from Russian consumption. American boots and shoes do not figure in our own tables as articles of American export yet the largest department store in St. Petersburg features American footwear from one Massachusetts factory and another factory cannot fill its orders from one small retail shop in the same city. The Russian consumption of machine tools reaches well up into the millions. American graphophones and other mechanical musical appliances are enormously favored as are various manufactures of rubber. American automobiles took the prize in the Russian military tests and are imported in large quantities though they do not figure in our tables. Strange as it may seem the Finnish and Russian millers are complaining of the competition of American flour and as for raw cotton the figures of the annual consumption by Russian cotton mills show that their annual consumption of American cotton is over \$50,000,000 annually in value.

It is a conservative estimate to say that Russia when the war broke out was consuming annually American goods to the value of a hundred and fifty millions of dollars a year and that the tendency was towards a rapid increase.

Now here is a proposition:

LATIN AMERICAN OPPORTUNITY

Cuba, Hayti, San Domingo, Mexico, Nicaragua, Costa Rica, Honduras, Guatemala, Salvador, Panama, Colombia, Venezuela, Brazil, Uruguay, Paraguay, Argentina, Chile, Bolivia, Peru and Ecuador—all the twenty American nations to the south of us—possess together less than seventy-three millions of inhabitants. Their trade is especially well worth hav-

ing yet living in tropical countries, requiring little clothing, no heating and the simplest shelter, they require less as consumers than the inhabitants of colder climes and consequently purchase less per capita. Our Boston Chamber of Commerce sends delegates all over South America, though rubber, coffee and other South American products (except wool and hides, the Argentine staples) do not, like Russian products, find the central market for the whole Western Hemisphere in Boston.

THE RUSSIAN OPPORTUNITY

The Russian Empire encloses in a ring fence one-seventh of the entire land surface of the globe. Its population is over one hundred and sixty millions, more than double seventy-two millions, the total of the combined populations of the twenty independent American nations to the South of us. Russians, moreover, have the needs and therefore the capacity of consuming as Northerners, infinitely more per capita than the inhabitants of the happy lands that know no winter.

Every European nation has for years been bending every nerve diplomatically and commercially to keep its own workmen busy on orders for Russia, the most promising future market of the world, with natural resources almost untouched, with vast tracts of unsettled land, with enormous empty spaces and with perhaps the largest increase in birthrate of any Caucasian race.

As noted above, we are already shipping directly through England, France, Belgium and Germany over a hundred millions of dollars worth of goods annually. Even at high prices American farming implements in large quantities, American hardware, American shoes, telephones, typewriters, machinery and automobiles are preferred.

American cotton and American flour find a ready sale. Even American pickles and canned goods are finding a foothold and there is a great opportunity for American fruits, notably for apples. The Russians are particularly fond of fruit, either in its natural state or preserved. The apples exposed for sale are usually yellow pippins. These apples are vastly inferior in size, flavor and appearance to the big red apple dear to the American heart. Yet they command in Russia almost the price of hot-house fruit.

Among manufactures the American motor car of low price has a magnificent opening. European cars are generally constructed for the billiard table roads of France, England and Germany. Russia, on the other hand, must have a car that, like ours, will stand hard roads and rough going.

In every direction the opportunities for American enterprise are boundless. We are seeking the markets of Latin America. This is well and for all reasons desirable, but is a consuming market of over twice the value of all Latin America longer to be neglected by the United States?

Administration Legislation

(Continued from page 4)

October 20, and that the Senate would sit at least one evening a week.

Safety at Sea

Proposals for regulation of equipment of passenger steamers have had the attention of American shipping interests. Regulation by international agreement has been considerably advanced as a possibility. In large measure called at suggestion of the United States, a conference of delegates from fourteen nations and three of the self-governing British dominions met in London on November 12, 1913, and continued in session until January 29, 1914. The delegates united in framing the draft of an international convention establishing uniform standards for the safety of life at sea. Germany and England have acted favorably on this convention. According to the terms of the convention ratifications must be deposited in London before December 31, 1914.

The address of the President urged immediate action by the United States to the convention. The Senate Committee on Foreign Relations soon afterward placed the convention before the Senate, with some amendment, however, to the effect that ratification of the convention by the United States is not to be taken as precluding this country from adopting higher standards in equipment for safety than those provided by the convention, nor as keeping the United States from forcing such higher standards against foreign vessels entering American ports. On December 16, the Senate adopted the convention and the amendments.

In acting upon the Seamen's bill, which is now before the Senate Committee on Commerce, the House adopted provisions of the convention regarding life boats and their manning. Other parts of the convention deal with the construction of vessels, fire protection, and transmission of information about ice, derelicts, and weather conditions. The regulations of the convention are intended to apply to steamers carrying more than twelve passengers and engaged in foreign trade.

Bills Passed Over

Legislation for a system of rural credits strongly urged by the President in his address last December, he now says cannot be perfected for enactment in this Congress. The bill for a system of Federal licenses for warehouses, particularly for cotton warehouses, which he said in October should at once be passed, he does not now mention. Proposals for labeling fabrics, for revision of the patent laws, for regulation of the maintenance of resale prices on nationally-advertised goods, for regulation of the business of cold-storage warehouses (a subject on which hearings are now being held before a Congressional committee), for a bureau of labor safety, for regulation of water transportation, and for the greater security of marine mortgages as an encouragement to investment in vessels, are among the bills to which the President made no reference.

Metric System Criticized

By Henry R. Towne

President Yale and Towne Manufacturing Company

AN article in "THE NATION'S BUSINESS" of November 15th, 1914, fairly summarizes the familiar and somewhat obvious arguments in favor of the metric system, and pleads for action by Congress to make compulsory the adoption of the metric system in the United States. Among the obvious advantages of that system are the inter-relationship of its units, its decimal scales, its wide acceptance in scientific work, and the large number of countries which already have adopted it. The difficulties and objections to its adoption by the United States are believed by many to be at least equally strong, but, unfortunately, cannot so easily and tersely be stated. Both sides of this important question should be understood and carefully considered before any sound judgment concerning it can be formed.

HISTORICAL FACTS

The historical facts are briefly as follows: France, in 1790, had a chaos of weights and measures from which she desired to escape, and the National Assembly "desiring that all France should forever enjoy all the advantages which will result from uniformity in weights and measures" created the Commission of Scientists, which finally devised the metric system, after some ten years of study. Germany, in 1870, with each of its forty states having its own standards, in like manner sought escape from chaos to uniformity, and wisely adopted the metric system, already proven to be effective and admirable. The primary motive in each case was the desire for uniformity, and the same is true as to each of the many other nations which successively have adopted the metric system.

UNIFORMITY IN UNITED STATES

In the case of the United States no such compelling motive exists. On the contrary, it already has absolute uniformity throughout all of its own great territory, and also with the British Empire, with commercial China, and with many other nations. Therefore, the abandonment of our present system of weights and measures, and the substitution of any other system, inevitably would dispel the uniformity we now have, and for many years substitute the evils of a dual system. France repeatedly has had to issue new ordinances, even so late as 1906, against the continued use of old standards, and to this day in certain trades and industries, notably the textile industries, the old units are still in use. So also in Germany the old standards persist in many cases; for example, in Rhenish Prussia, the meter, the English foot and the Rhenish foot are still all used. In the light of experience it may safely be predicted that one hundred years would not see the complete transition in this country from the present to another system of weights and measures. For example, Major F. A. Mahon, U. S. A., a pro-metric advocate, admits that although he has "employed the metric system largely for thirty years" he has always "experienced difficulty in thinking in the system."

DIFFICULTIES IN CHANGE

To the superficial observer a change of units may appear to be a simple matter, but the student of the subject

knows that this is a fallacy, especially as to measures of length. Measures of value, weight and capacity are used chiefly in commerce, and the transactions of daily life, all of which are largely transient; but measures of length relate chiefly to applied science and the arts; that is, to organized industry and its results, which latter are not transient but more or less permanent. In the expressive phrase of Mr. Henry D. Sharpe, they are "linked irrevocably to the past." They exist, some are imperishable, and many never will or can be changed so long as the things to which they apply shall endure. Among these may be mentioned all existing buildings, machines and railroad equipment; all interchangeable appliances, such as screws, piping, shafting and couplings; all the vast equipment of special tools and gauges of the metal-working industry; and, finally, all existing land areas and titles. Each and all of these has its foundations in the foot or inch, and their multiples, based on the length of the British yard, the variation of which has been scarcely more than 1/100 of an inch in the last four hundred years. For us to change our unit of length would be to undermine the whole fabric of our vast mechanical industries, to disorganize our technical science, and to cause a destruction of values in equipment which would be colossal in extent.

USE LEGAL

Since 1866 the use of the metric system has been legal in the United States. Anyone who prefers it is free to adopt and use it, but with trifling exceptions (except in certain fields of scientific work) our people have rejected it. Why should the few who prefer it seek by legislation to compel the many who do not prefer it, to adopt and use it? The chief argument of its advocates is that by adopting the metric system we shall conform to the usage of the chief industrial countries of the world, but a tabulation of these shows that the United States and the British Empire (excluding India) have a greater population than the eight other great industrial nations, and that the value of the manufactures in each of the two groups is practically equal. If those who advocate the change do so on the plea of "uniformity," let me quote from the ever-memorable report on this subject, by John Quincy Adams, in 1821, as follows: "Is your object uniformity? Then, before you change any part of your system, such as it is, compare the uniformity that you must lose, with the uniformity that you may gain, by the alteration."

COMMISSION TO INVESTIGATE

In conclusion let me repeat the suggestion made in the paper on this subject presented by me in December, 1906, at the Annual Meeting of the American Society of Mechanical Engineers, that if any considerable part of our people should desire compulsory legislation to substitute the metric system for our present standards, a competent technical commission should be created by Congress to make an exhaustive investigation of the subject and to report its conclusions, and that, pending such report, no legislation on this subject should be enacted.

Foreign Trade Conference

Meeting at Memphis

Representatives of Mississippi Valley and Central West

THE International Trade Conference of the Mississippi Valley and Central West which was called together through the co-operation of the Chicago Association of Commerce, the New Orleans Association of Commerce and the Memphis Business Men's League took place in Memphis, November 19 and 20, the sessions beginning on Thursday afternoon, November 19. The Conference was attended by 107 delegates, representing 17 States. The deliberations were conducted with the utmost despatch; the committees appointed gave every effort towards effective work, and it was generally felt that the meeting was a success. Mr. Edward E. Gore, Vice-President of the Chicago Association of Commerce was elected permanent Chairman of the Conference and Mr. M. B. Trezevant, Manager of the New Orleans Association of Commerce, was elected permanent Secretary. Mr. Thomas L. Stitt, Vice Chairman of the Foreign Trade Committee of the Chicago Association of Commerce, was elected Chairman of the Committee on Resolutions. After the appointment at the first session of the permanent Chairman of the Conference, the Secretary, and the Committees on Credentials and Resolutions, Hon. John Barrett, Director General of the Pan-American Union, delivered a most effective address. In the evening, the principal speaker was Elliot H. Goodwin, General Secretary of the Chamber of Commerce of the United States, followed by Charles Lyon Chandler, Agent for South American Trade of the Southern Railway. On the following morning the principal address was delivered by Assistant Secretary Sweet of the Department of Commerce, and pending the receipt of the report of the Committee on Resolutions, Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, Robert H. Patchin, Secretary of the National Foreign Trade Council, and others were heard from briefly.

Interest mainly centered on the report of the Committee on Resolutions as the constructive program of the Conference, but after brief explanation the resolutions were adopted unanimously. An interesting discussion took place on the resolution for a permanent non-partisan Tariff Commission, introduced from the floor by Mr. E. E. Swadener of the Chicago Association of Commerce. After lively debate the resolution was finally adopted by a narrow margin.

BRANCH BANKS

WHEREAS, the great forces of production and distribution in the different countries comprising the American continents are not operating with economic efficiency as to the interchange of commodities and securities, owing to the inadequacy of facilities for the direct exchange of credits arising from commercial and investment transactions; and,

WHEREAS, the interdependence of the republics, shown by present conditions, suggests action fully to protect and advance the commercial and financial relations between them; and,

WHEREAS, this Conference believes the bankers of the Mississippi Valley and the central and southern states represented, desire to be mutually helpful both to the business interests of this section and of the Latin-American countries easily accessible from the Gulf ports; therefore be it

RESOLVED, first, that the Federal Reserve Board be requested to authorize the federal reserve banks serving this territory

to join in establishing branches in Central and South America, Mexico, and the West Indies;

Second, that the manufacturing, commercial investment, and banking interests organize a banking corporation to cooperate with business interests and the branches of the federal reserve banks in efficiently promoting commerce, affording opportunities for investment, and the exchange of credits between the different countries;

Third, that the chairman of this Conference within ten days appoint a committee of seven, the duties of such committee being to consult with the banking and commercial interests of the Mississippi Valley and central west, and with their cooperation work out a plan for the organization of said bank, the business of which shall include the financing of trade with Central and South America, Mexico and the West Indies, and the operation of branches in such South and Central America, Mexico and West Indies trade zones as may be particularly developed by the Mississippi Valley and central west interests, such bank, however, not to compete for the domestic business of South American banks, and to work in the closest possible harmony with the foreign branches of the federal reserve banks.

A committee to consider the organization of an international banking corporation has been appointed, with Mr. John J. Arnold of Chicago acting as Chairman.

RESOLVED, that the Mississippi Valley International Trade Conference favors closer and more friendly trade relations with our sister republics in South and Central America, Mexico and the West Indies, to promote a larger exchange of our products. To this end we recommend the appointment, by the Chairman of this Conference, within ten days of a committee of fifteen to consider ways and means and work out a plan for a cooperative trading company, existing or to be formed, to encourage and foster trade between the Mississippi Valley and central west, and Central and South America, Mexico and the West Indies; and report to the executive committee of this conference as early as possible.

Mr. A. M. Lockett of New Orleans is Chairman of the Committee of fifteen to consider this question.

TRANSPORTATION FACILITIES

RESOLVED, that the exporters and importers handling commodities moving between the Mississippi Valley and points in South America, Central America, Mexico and the West Indies be earnestly urged to cooperate with the inland and ocean carriers in systematic efforts to provide sufficient cargo traffic to warrant additional and dependable, direct and regular steamship service in both directions; and,

WHEREAS, the development of river traffic will have an influence on the growth of north and south commerce in the United States, and can be an important factor in the growth of our foreign trade, therefore, it is urged that, where practicable, Mississippi river cities and towns build modern river terminals, connecting with rail carriers.

MARITIME LEGISLATION

RESOLVED, that Congress be urged to enact maritime legislation looking towards placing the American shippers and ship owners upon a basis more nearly equal with those of competing nations, thereby enabling American exporters and ship owners to meet the competition of other nations in the ocean carrying trade.

RIVER NAVIGATION

RESOLVED, that a permanent committee of five be named by the Chairman to promote commercial use of the Mississippi river and its navigable tributaries, as a potential factor in developing the natural north and south trade route through the Mississippi Valley;

RESOLVED, that the Conference urge the Congress of the United States to provide adequate continuing appropriations for the development of the navigability of the Mississippi river and its tributaries, as a central system of national water trade routes.

Captain J. H. Reese, of Memphis, was named as Chairman of this Committee of five appointed in accordance with the foregoing resolution.

(Continued on page 16)

Legislative Reference Bureau Organized

The vote of the National Chamber on Referendum Number 6, was concluded December 23, 1913. By this vote the Chamber was instructed to urge and support the establishment by Congress of a Bureau or Bureaus of Legislative Reference and Bill Drafting. The appropriations for the Library of Congress, passed last spring, included an item of \$25,000 which allows for legislative reference service.

REFERENDUM Number 6, on the establishment by Congress of a Legislative Reference and Bill Drafting Bureau, was presented to the organization members of the Chamber at the instance of the Railway Business Association. The Referendum pamphlet contained: (1) a statement of the question; (2) the argument in favor of the Bureau, submitted by the Railway Business Association; (3-a) a digest of State laws; (3-b) foreign analogies; (3-c) extracts from debates in the Senate; (3-d) extracts from hearings before the Committee on the Library. The vote resulted 625 in favor and 16 against the proposed Bureau and represented the action of 202 organizations. The result of the vote was communicated formally to all Senators and Congressmen. The appropriation for the Library of Congress, subsequently passed in the spring, included an item of \$25,000 to enable the Librarian of Congress to employ competent persons to prepare such indexes, digests and compilations of law as may be required for Congress and other official use pursuant to a previous Act, approved June 31, 1906. The Librarian of Congress had previously incorporated in his estimates, notably in those for the fiscal year 1903-1904, an item providing for the preparation of an index to comparative legislation. The item was not provided until 1906 when a small appropriation of \$5,840 was made available. The appropriation, however, coming to an end in 1911, the work undertaken from 1906 to 1911 was suspended and the corps of indexers dispersed.

PRESENT APPROPRIATION

The present appropriation of \$25,000 has enabled the Librarian to resume the earlier work and also, under the circumstances in which the appropriation was made, to develop a new service bearing directly on legislative reference. The work undertaken under the new appropriation is now going forward in a Legislative Reference Division under a chief of division with the following assistants:

Local law indexer (lawyer); private law indexer and file clerk; two clerical assistants and two messengers, the latter engaged in sub-clerical work.

The increased appropriation makes no formal provision for a bill drafting bureau such as advocated by the Referendum of the National Chamber, but it has enabled the Librarian of Congress to organize a more extended indexing of the Federal Statutes and private and local laws than has ever been possible in the past. A new feature has been added in the compilation of a classified collection of legislative forms, standard paragraphs, and clauses actually found in the Statutes as they are read for indexing and a service inaugurated which bears directly on legislative reference.

PREVIOUS WORK

Volume I (Scott and Beaman, published in 1908) already covered the permanent general law down to 1907. To connect this previous work and bring it to date, provision has accordingly been made for continuing the index of the permanent general law with the view of preparing either a

new edition of Scott and Beaman's index or a supplement to it. It would appear that this piece of work can be completed by one law indexer with an assistant in about a year. For use in the mean time, a temporary consolidated index is being prepared which, if desired, can be reproduced by photostat for use of any Committee of Congress which has need of it.

PRIVATE AND LOCAL LAWS

The indexing of private and local acts from the Revised Statutes to date has also been resumed and so arranged as to connect it easily with such indexing as had been completed previously. It is understood that there are about 18,000 pages of local law yet to be treated; consequently, it will be two or three years with the present force available before this part of the indexing can be completed. The chief work of indexing the Federal Statutes is being so arranged that it may be used conveniently by members of both Houses of Congress while the work is in progress.

One room has been assigned in the Capitol and one in the office in the Law Library so that reference can be made with the least possible difficulty. As the work of compiling new material for legislative reference is necessarily connected with more than one branch of the existing organization of the Library of Congress, it has been possible for the Librarian to organize a corps of research assistants and translators with auxiliary stenographic and clerical help to cooperate in the work of preparing digests and compilations of law. To enable part of this force to take advantage of the resources of the existing Law Division of the Library, which has the custody of American and foreign statutes, court reports and other local literature, and the Documents Division, which is responsible for the official publications containing data concerning the actual operation of laws, space has been provided in the rooms occupied by these two divisions in the main Library. One research assistant, however, has been established in the Representatives' Reading Room so that the Legislative Reference Division may be in touch with the service there and make the results of its work available directly to members using that room. These arrangements will do much to make the results of the service available while work is still in progress.

DUPLICATION AVOIDED

In order to save time and avoid the risk of duplicating work already available in other Departments of the Government, inquiries are being made to ascertain what indexes, digests and compilations of law are available, either in manuscript or in course of preparation, in the various Government offices. A number of compilations have thus been obtained which would otherwise have required considerable time and labor to prepare. Furthermore, a systematic survey of texts of various laws and other source material in the collections now available in the Library has been in progress and deficiencies reported, so that the various Divisions concerned with acquiring material may be able to take measures to supply any data lacking.

INFORMATION FOR SENATORS AND REPRESENTATIVES

While preparatory work has been organized in the manner described, it has also been possible to give immediate attention to various requests from Senators and Representatives for translations of foreign laws and compilations on special subjects. For example, these requests have included translations of the Danish law relating to agricultural holdings and the size of landed estates; the French law relating to liquor licenses; articles of the Romanian Constitution; a resume of the code establishing a system of juvenile courts in the canton of Geneva. Requests of this character have not been restricted to translations of foreign law, but have included statistical and other information on various subjects. This service has been made possible by having the existing translating force of the Library put its services at the disposal of Members and Committees of Congress for translations required in connection with their work.

Since the establishment of a Legislative Reference Division, it has also been possible to put two compilations of laws at the disposal of Members of Congress. In one of these, an admirable example has been given of the use of the photostat as an auxiliary to the work of compilation, as it was possible to reproduce photographically, direct from the volumes containing them, the actual texts of the laws.

REQUESTS ANTICIPATED

It is the intention of the Librarian to have the Legislative Reference Division develop its work so that demands from Members and Committees of Congress can be complied with as promptly as possible. With this view, material is now being prepared in anticipation of possible requests for service. At present, it is divided into three groups, as follows:

1. Digests and compilations likely to be serviceable to the work of particular Committees in general. For example, a digest giving all the essential features connected with the preparation and execution of the British Budget. Officers of the Library whose studies will particularly qualify them for the work are also giving attention to various fields covered by different Committees, including those in charge of foreign relations and those in charge of domestic questions, such as labor and immigration.

2. Digests and compilations on special subjects which may come up for consideration and action by Congress, such as the question of the merchant marine, the conservation of natural resources, and water power control.

3. Digests and compilations on the subject matter of bills awaiting immediate attention by either House of Congress. Particular attention has been given to the subject matter of bills which have already passed one House and are pending in the other.

READY REFERENCE SERVICE

No description of the work of the Legislative Reference Division would be complete without mentioning the digest of editorial opinion on pending

legislation as evinced in the press. Accordingly, a compilation is being made which covers two hundred newspapers, at least two being taken from each state in the Union. Furthermore, the room in the Capitol Building assigned to the Division by the Speaker of the House, where the indexing of the permanent general law is being carried on, has made it possible to assemble a small office collection of books for ready reference on questions of law which may arise in connection with bills actually before Congress. This collection which includes the United States Statutes, leading treatises on constitutional law, Government document catalogues, etc., supplemented by the index apparatus and the file of bibliographical lists, memoranda, briefs, etc., will enable the lawyer in charge to answer a wide range of questions such as, the existing federal law on a given subject, the usual form for any bill, or paragraph of common occurrence, the interpretation given by Federal courts to various conventional words and phrases, also whether the administrative features of any bill are conformable with existing Departmental machinery, etc., etc. The purpose of this feature of the service of the Legislative Reference Division is to aid Senators and Representatives to make the law what they desire it to be, not to indicate what the law should be, and it will thus fulfill an important purpose of any legislative reference work. It should enable Congressmen and Senators to make certain in advance so far as it is practicable, that any bills which they present will be open only to the interpretation which they contemplate. The result should do much in increasing the efficiency of legislation by Congress.

FOREIGN PRACTICE

Several foreign countries, notably England, France and Germany, have some measure of facilities for legislative reference and bill drafting. In England it appears that Pitt, over 100 years ago appointed an official who devoted his attention to the form in which bills intended for introduction by the Ministry were drafted. While private members appear to be without any special facilities, the Government now has the services of the Parliamentary Counsel and his staff, established in 1869, at its disposal for furnishing data and drafting of bills to be introduced. In Canada and Australia officers with similar duties assist in the preparation of Government measures. In France reference and drafting work appears to devolve largely on committees and the procedure seems to be half way between the English and the American methods. The scientific method, as might be expected, is highly developed in Germany. Not only is there a force of competent lawyers attached to the official staff but great use is made of expert commissions such as that which elaborated the great civil code. When it is recalled that twenty-five states have found it profitable to establish legislative reference and bill drafting facilities, the new facilities now being put at the disposal of Members of Congress would appear to have notable precedents for further development.

The Government and Business

At least seven of the ten departments of the Federal Government enforce laws which at one time or another every American business man has to consider. Reports submitted to the President in December of each year are not merely chronicles of achievements but are also short hand-books of policies for the future. Some of the reports for this year are here summarized.

Commerce

ASSISTANCE for commerce by water with foreign countries is one of the peculiar tasks of the Department of Commerce. Through bureaus controlled by the Secretary, it surveys and charts the coasts and harbors of the country; erects and maintains lighthouses; and controls the formal enrollment of vessels in the American merchant marine, licenses their officers, and inspects their hulls, machinery, and equipment. In short, although the Department of War through its staff of engineers deepens waterways and prepares harbors for commerce, the Department of Commerce takes charge of most of the governmental duties connected with actual navigation and trade, leaving to the Treasury Department, however, the formalities which attend the arrival and departure of vessels, the collection of customs duties, and the life-saving service.

Foreign-Built Ships

The American merchant marine at the end of June contained 26,943 vessels of 7,928,688 gross tons, of which 2,360 vessels with a tonnage of 1,066,288 were registered for foreign trade. In the year ended with June, 1,151 vessels with a tonnage of 316,250 gross were built in the United States.

With regard to the new law of August 18, 1914, admitting to American registry vessels which have been built abroad and are owned by American citizens or corporations, the Secretary estimates roughly that American capital has built or controls 150 ocean vessels aggregating about 600,000 gross tons, and mostly under Belgian, British, or German flags. The Secretary has since reported to Congress that on the twelfth day of this month 101 foreign-built vessels of 361,000 tons have been admitted to American registry under the new law. Thus, the total number of American vessels now registered for foreign trade is about 2,461 with a tonnage of 1,427,366.

Foreign Commerce

Direct encouragement of foreign trade, through the Bureau of Foreign and Domestic Commerce, falls within the province of the Department of Commerce. This encouragement takes the form of information concerning markets offered by foreign countries, the customs tariffs and regulations of foreign countries, and statistics of foreign trade. To gather this information use is made of the consular officers of the State Department, between three and four hundred in number, the records of the Treasury Department, and a staff of commercial agents who are sent abroad to gather data regarding special industries and markets. In making its information immediately useful the Bureau uses a classified list of firms engaged in export trade and has opened eight branch offices in different parts of the country.

Commercial Attaches

In Referendum Number 5 the members of the Chamber last December advocated development of the Bureau of Foreign and Domestic Commerce,

including the appointment of commercial attaches to important American embassies and legations. Such attaches have now been appointed with headquarters in England, France, Germany, Russia, Argentina, Brazil, Peru, Chile, and China, and are now arriving at their posts.

Special Foreign Markets

At the time of the Chamber's referendum the Bureau of Foreign and Domestic Commerce had seven commercial agents engaged on special assignments abroad. It now has eleven. In South America agents are studying markets for general machinery and machine tools, for electrical and general machinery supplies, for hardware, for furniture, for lumber, and for clothing. In the Orient Commercial agents are studying markets for lumber and for cotton textiles. Furthermore, two agents are occupied with commercial investigations in the United States, one of them devoting his attention to development of foreign trade. In the near future the Bureau will probably have agents inquire into markets abroad for American fruits and into markets for general merchandise in Central America, Venezuela, and Colombia, a part of South America on which a British commercial agent recently made an elaborate report in behalf of British trade.

Cost of Production

The Bureau has within the year initiated its studies in costs of production of articles which are subject to tariff duties, a function conferred upon it by statute in 1912. Having completed a study of ninety per cent of the American plants making pottery, and having had four representatives reporting upon the pottery industry abroad, the Bureau has now entered upon an investigation of the clothing industry, including knit goods and ready-made clothing.

Sale of Publications

In order that there may be efficient distribution of the commercial publications of the Bureau, and that a business man who desires a publication for direct use may always obtain it, the Chamber urged that nominal prices be charged for publications. This plan has been adopted, and with such gratifying results that the Secretary of Commerce contemplates gradual extension of the sales plan. The importance of obtaining efficient distribution of publications becomes apparent when it is remembered that apart from statistics, data concerning foreign customs duties, and the like, the Bureau printed in the fiscal year upwards of ten thousand pages of commercial information.

Domestic Commerce

There are now available no official statistics of domestic commerce, which constitutes about ninety-five per cent of all our trade. For collection of statistics of domestic trade the Secretary urges an appropriation of \$10,000, pointing out that the branch offices of the Bureau of Foreign and Domestic Commerce can become centers for gathering data.

Four of the bureaus of the Department of Commerce are concerned directly with domestic industry, the Bureau of Standards, the Bureau of Fisheries, the Bureau of the Census, and the Bureau of Corporations.

Standardization

The Bureau of Standards is a Federal institution of applied science. It stimulates nation-wide interest in honest weights and measures used in daily trade. On behalf of the public utilities of the country, such as gas and electricity, it solves technical questions involving standards of regulation and control and has begun the testing of higher grades of watches. It is conducting research into technical points about refrigeration, in this connection being engaged upon ten separate investigations. In other words, the technical staff of this Bureau takes up a wide range of scientific questions which concern American industries.

Fisheries

The Bureau of Fisheries conserves and improves the fisheries. During the last year it distributed more than four billion fish for purposes of propagation. The variety and extent of American fisheries are illustrated by the fact that in the year, buttons, etc., valued at \$8,800,000 were made from mussel shells gathered in the rivers of the Middle West, that fishing vessels carried into Gloucester and Boston food fish valued at about \$5,000,000, and that Alaskan fisheries yielded a value of \$15,740,000.

Bureau of Corporations

It has been the duty of the Bureau of Corporations to make "diligent investigation into the organization, conduct, and management of the business" of corporations engaged in interstate and foreign commerce. After a career of about twelve years, this bureau will go out of existence when the Federal Trade Commission is organized and its staff will be transferred as a body to the trade commission. Meanwhile, the Bureau is preparing for the inauguration of the new commission by studying the economic and legal situations which will come before the commission.

Census of Manufactures

The Bureau of the Census now has in hand a report on wealth, debt, and taxation in the United States, in 1913. It is also making its periodic collection of statistics for the electrical industries, as of 1912.

In preparation for the census of manufactures for the year 1914, data for which will be collected in 1915, the Bureau has been in consultation with business men, and has laid the use of suggestions of the Committee of the National Chamber on Statistics. This committee made wide inquiry among the industries of the country and placed before the Bureau its conclusions concerning the suggestions and criticisms which came to its attention.

Later the Bureau will undertake a census of agriculture, as of 1915, renewing this census hereafter at ten-year periods.

Cost of Department of Commerce

In the year ended in June the ex-

penditures of the Department of Commerce for all of its activities aggregated \$11,424,000. Its receipts from tonnage taxes, sales of charts and publications, fines and fees connected with navigation, the sale of seal skins taken in Alaska, etc., were \$2,081,000.

The appropriations for this Department in the year were divided as follows:

Bureau of Lighthouses.....	\$5,796,000	50%
Bureau of Census.....	1,125,000	9.7%
Bureau of Fisheries.....	1,087,000	9.4%
Bureau of Standards.....	602,000	5.2%
Steamboat-Inspection Service.....	512,000	4.7%
Printing and Binding.....	441,000	3.8%
Office of Secretary.....	288,000	2.5%
Bureau of Corporations.....	253,000	2.2%
Bureau of Foreign and Domestic Commerce.....	224,000	1.9%
Bureau of Navigation.....	165,000	1.4%
Total.....	\$11,532,000	

For the year beginning next July the Secretary of Commerce has asked for additional appropriations which amount to \$5,511,000, of which \$3,000,000 would be for the census of agriculture mentioned above.

An appropriation bill which was reported to the House of Representatives on December 14, and which provides about half the funds spent by the Department of Commerce, proposes to continue the appropriation of \$75,000 for promotion of foreign and domestic commerce, the item of \$100,000 for commercial attaches, and the item of \$50,000 for investigation of the cost of production. It increases the item of \$50,000 for promoting commerce with Latin America from \$50,000 to \$75,000.

Consuls and Commerce

As the State Department makes no annual report, there is no formal public record of the activities of consular officers on behalf of American trade. This corps of more than three hundred men stationed throughout the world is the great source of information for the Department of Commerce regarding trade abroad and concrete opportunities for American goods. Under standing and special instructions which proceed from the Director of the Consular Service, commercial reports arrive in Washington at the rate of a hundred or more a day, ranging from short replies to inquiries of American business men to elaborate discussions of trade and industrial conditions.

For the preparation of these reports the clerical force attached to consulates has been inadequate. This deficiency is now accentuated; for American consular officers have to care for the interests and the subjects of belligerent nations. Moreover, the department finds it desirable so far as possible to place on the staff of consulates only American citizens, necessarily increasing the salaries which have been sufficient for native clerks. Accordingly, the department is asking that Congress allow \$500,000 for clerk hire at consulates, an increase of about \$125,000 over the present appropriation. The funds at present available would if equally apportioned provide for but one clerk at each consulate, with a salary of \$1,250.

(Continued on page 9.)

Government and Business

(Continued from page 8.)

Commercial Matters

For consideration of commercial questions which occur in connection with the diplomatic and consular services the State Department has two trade advisors. These officials are equipped with a clerical staff and at present have the duty of dealing with many points of international business and industrial importance which arise from the war in Europe.

Postal Service

Parcel Post

Statistics for parcel post have been kept for post offices estimated to handle half of all parcels. These statistics have been for fifteen-day periods,—in October, 1913, in April, 1914, and in October, 1914. The count of parcels at these selected offices during the periods chosen was 10,935,000, 26,884,000, and 29,599,000 respectively. Consequently, the Postmaster General estimates that parcels are now being carried at the rate of 800,000,000 a year. This figure includes a large number of books, which since last March have been carried in the parcel post.

In the year ended in June 13,000,000 packages were insured, or double the number ordinarily sent by registered mail. Almost 3,000,000 parcels were sent C. O. D. They involved collections of \$14,500,000. The postage receipts from parcel post appear now to be at the rate of \$50,000,000 to \$60,000,000 a year. The average postage a parcel, which a year ago was ten cents, has dropped to 5 cents.

Telegraph and Telephone

Government ownership and operation of telegraphs and telephones is urged by the Postmaster General, who says that it is an anomaly for telegraph and telephone utilities to be under private control. He takes the ground that, being vehicles for the public transmission of intelligence and monopolistic in nature, they inherently and according to the Constitution should be reserved to the National Government, and furthermore that they do not now render a maximum of public service at a minimum of cost to the public.

Basis of Railway Mail Pay

The rider upon the pending appropriation bill incorporates a plan advocated by the Post Office Department for readjustment of the basis on which railroads are compensated for carrying the mails. In general the space authorized by the Postmaster General for use by the railroads in carrying the mails is substituted for the weight of mails actually carried as the principle controlling compensation.

Against this proposal the railroads urge that the principle of the present basis should be kept,—compensation according to service rendered,—and that the incidental defects of the present system should be corrected. Because of these incidental defects the railroads estimate that they are uncompensated to the extent of at least \$9,000,000.

Mail for Latin America

To all countries of the Western Hemisphere with which arrangements do not now exist a proposal has been submitted for exchange of mail at the domestic letter rate. Thus, a two-cent stamp would carry a letter from the United States to any part of South

America. The department hopes for success in its negotiations within the next six months.

Cost of Postal Service

For the year beginning next July it is now proposed to provide \$13,360,000 to meet the expenses of the Post Office Department. The appropriation for the current year was \$288,000,000, and for last year \$271,000,000.

Financial Affairs

The fiscal affairs of the Government, because of their magnitude and the source and disposition of money supplies, necessarily affect private business. In the year ended in June the receipts of the Government were \$1,045,000,000. The present annual statement of the Secretary of the Treasury begins with a narrative of recent governmental interventions on behalf of general business.

The European War

The situation which developed upon the declaration of war in Europe caused the Treasury Department to take several different kinds of action, some of them novel. Between August 1 and October 31 emergency currency was issued to national banks to a total of \$228,000,000, partly as a result of an amendment in the law which was hurriedly made by Congress on August 4.

Foreign Trade Conference

On August 14 over sixty representatives of business interests, including delegates from the National Chamber, met in conference at the Treasury with the Secretary, the Federal Reserve Board, and chairmen of important Committees of Congress. The creation of a market for foreign bills of exchange, means for sending cargo abroad, and war risk insurance were discussed. Out of this conference grew the bill establishing as a Federal enterprise a Bureau of War Risk Insurance, which was enacted into law within four days. This new bureau is described elsewhere in this number of the NATION'S BUSINESS.

Cotton Conference

On August 24 at the invitation of the Secretary of the Treasury a large number of business men, again including delegates of the National Chamber, assembled in Washington to discuss means of financing the cotton crop of the South for which immediate markets had been largely curtailed. Indirectly this conference has now led to the organization of a cooperative Cotton Loan Fund in which banks and individuals in the North have undertaken to participate to the extent of \$100,000,000, with banks in the South at the same time providing \$35,000,000. On December 15 the granting of loans actually began.

Gold Fund

When war began in Europe American business men and bankers had obligations payable in London before January 1, 1915, aggregating about \$450,000,000. Normally, this indebtedness would be met by exports of produce during the autumn, and especially by exports of cotton, but the war to a very serious extent interrupted exports of cotton. On September 21 the Secretary of the Treasury and the Federal Reserve Board approved a plan for banks to subscribe to a fund of \$100,000,000 in gold, to be

administered by a committee of bankers in New York. The use of this fund, together with increased freedom of exports, has operated to bring the rate of exchange on London toward a normal basis, and this result has in turn encouraged foreign demand for cotton.

Emergency Revenue

In October, 1914, the customs receipts were but little more than half the receipts in October, 1913,—a condition with which the European war had much to do, and which was estimated to decrease the income of the Government for the year, between \$100,000,000 and \$200,000,000 below expectations.

To meet this apparent deficit new internal revenue taxes were levied in a law of October 22, and are now in force. Receipts from the emergency taxes are not separately indicated in the daily statement of the Treasury but are included in the ordinary receipts from internal revenue, an item which is segregated from receipts from corporation and income taxes. In the first fifteen days of December the "ordinary receipts from internal revenue" were \$17,400,000; for the same days in 1913 they were \$14,700,000. For the same period receipts from customs were \$7,600,000, as against \$11,500,000, a year ago.

Income Tax

Under the income tax law corporations with net income of less than \$5,000 are no longer exempt, as according to the former excise-tax on corporations. Consequently, for 1913 a total of 316,900 corporations, joint stock companies, and associations, with capital stock of \$64,000,000,000 and net income of more than four billion dollars, made return of their income to the Commissioner of Internal Revenue. Of this total, 188,866 were taxable and \$45,600,000 were collected.

Collections of tax upon personal income amounted to \$28,200,000 until June 30. In all 357,598 persons filed returns of their income, a number which the Secretary of the Treasury says falls considerably below the number who should have reported.

These results of the new income tax fall below the estimates which were made a year ago.

Federal Reserve Banks

The Federal Reserve Act became law on December 23, 1913. On April 2, 1914, the Organization Committee named the twelve districts into which it had divided the country for Federal Reserve Banks. On August 10 the members of the Federal Reserve Board assumed office, and on November 16 the twelve Federal Reserve Banks opened for business. These banks now have total resources of \$272,000,000. On December 15 the Advisory Council, which is to consult with the Reserve Board at least four times a year, about the needs of business and banking, met for the first time in Washington.

Antitrust Laws

Complaints of violations of the antitrust laws are very numerous. Those which appear substantial are investigated by the Department of Justice, often to the extent of examining the condition of an entire industry. There have been an average of 41 investigations a month. In the year ended in June, sixteen cases in the courts were finally determined, and eighteen new cases were instituted. Forty-seven cases are now pending in the courts.

Railroad Regulation

Commodities Clause

Among the recommendations made by the Attorney General for new legislation perhaps the most important is that the so-called commodities clause of the Interstate Commerce Act be amended so as to prohibit a railroad from transporting articles which it manufactures or produces, or which are manufactured or produced by any corporation controlled by it or affiliated with it through having the same controlling stockholders, whether or not the railroad, or the other corporation has an interest in the articles at the time of transportation.

Legislation Recommended

The Interstate Commerce Commission closes its annual report with several recommendations, which include "that there should be appropriate and adequate legislation upon the subject of control over railway capitalization." This is a renewal of a recommendation made in earlier reports.

The Commission also repeats its recommendation that the use of steel cars in passenger train service should be required, and that the use of wood cars between or in front of steel cars should be forbidden.

Physical Valuation

In acting under the law of 1913 the task of the Commission falls under two general heads; (1) ascertainment of the cost of reproduction of railroads, and (2) the original cost of the property to date, together with information as to financial and corporate history. The second part of this undertaking involves chiefly accounting.

The first part of the task, however, requires physical examination by engineers. The work of valuation began slowly, as staff and equipment were organized, but the field work is now progressing at a rate of 1,500 to 1,700 miles a month. In January instead of 8 field parties in a district there will be 16 or 20.

Industrial Chemistry

The Bureau of Chemistry of the Department of Agriculture has attained most prominence as the instrumentality which enforces the Food and Drugs Act. Although this is its largest function it undertakes much chemical research on behalf of the development of American industries.

Naval Stores

For example, after several years of study the bureau has devised permanent type samples as standards of rosin and turpentine for use in the purchase and sale of naval stores.

The principles underlying the manufacture of candy, which is now mostly a matter of recipes, are being investigated in order that manufacturers may avoid conditions which cause much loss.

Upon a machine designed to test the wearing qualities of leathers prepared from different parts of animals also are tried.

Industrial Relations

After about one year of activity the Commission on Industrial Relations has made its first report to Congress. It will have to make its final report not later than next August.

This commission of eight members was appointed to inquire into the condition of labor, relations between employers and employees, underlying causes of dissatisfaction, etc. It has proceeded by public hearings in a number of cities and by research and investigation on the part of its staff.

The War Risk Insurance Bureau

By Hon. A. J. Peters

Assistant Secretary of the Treasury

A SPECIAL Conference called by the Secretary of the Treasury at Washington, August 14, to consider ways and means for facing business emergencies resulting from the war in Europe came to unanimous conclusions upon three features which demanded immediate attention and cooperation on the part of the Government, namely, facilities for financing foreign trade, an adequate merchant marine, and war risk insurance. Legislation covering all three of these features at least in part has been presented to Congress, but final action has been taken only on the last. A bill providing for the establishment in the Treasury Department of a Bureau of War Risk Insurance was signed by the President September 2, and the Bureau was prepared to accept business September 3.

FOREIGN ARRANGEMENTS

Since England and France set a precedent, not only the United States but a number of other countries, including Japan, Belgium, Italy and Sweden have passed measures to establish government insurance against war risks. The British plan provides for a separate scheme of the reinsurance of hulls and of cargoes, but the general idea is that the maximum amount to be insured against war risks shall be the amount for which the hull and cargo are already insured against ordinary marine risks. It is also stipulated expressly that such ordinary insurance must be taken out before any application can be favorably considered for war risk insurance. This proviso is characteristic of all the schemes which appear to have been adopted, with slight modifications; for instance, in France the maximum war risk insurance is only 80 percent of the ordinary insurance and in Italy, it is 90 percent. Furthermore, the plans adopted in Italy and France provide for the insurance of cargoes imported in vessels carrying a foreign flag whereas the British and American plans require that the cargoes insured must be carried only in British or American bottoms respectively. It is interesting to note in passing that the Belgian plan was settled by request on the part of the Belgian Government for the assistance of Great Britain in carrying out a scheme for the insurance of cargoes on Belgian steamers. Arrangements have been made in consequence by which applications for the insurance of such cargoes will be received at the British war risk insurance office in London as well as in the office which was established at Antwerp up to the time of the capture of that city by the Germans. In all essential respects the conditions for the acceptance of insurance are the same for Belgian ships and cargoes as those under the British scheme and the rates of premium are also the same.

Inquiries into conditions regarding American shipments disclosed the fact that private companies were not in a position to handle the situation and that much the same conditions which led to action on the part of the British and French governments obtained in regard to this country.

Business sentiment in fact seemed practically unanimous on this ques-

tion and, in spite of opposition in the House, a bill was passed through Congress and made effective in a little over two weeks' time. The situation which had preceded the establishment of the Bureau was very serious. In the week directly following August 1, all marine insurance rates were almost prohibitive. In some cases shippers paid as high as 25 and 30 percent to cover risks through the North Sea, while South American rates were up to 10 percent and rates to India and the Far East were as high as 15 and 20 percent. Underwriters in the United States were thoroughly embarrassed and the reinsurance markets at London were closed, advantage being taken of the occasion of a bank holiday. As a result, during three days risks were accepted without any possibility of reinsuring any part of those which might prove undesirable. It therefore became necessary to limit the amount which could be accepted on any one vessel, these amounts ranging from small sums for smaller companies to \$100,000 or \$150,000 as a maximum for the larger companies. Consequently, shippers were only able to insure portions of their cargo and frequently had to carry a large portion of the risk themselves.

PROVISIONS OF LAW

The law in its final form provides for the establishment of a Bureau in the Treasury Department to be known as the Bureau of War Risk Insurance, under the management of a Director, receiving a salary of \$5,000 per annum. Provision is also made for the establishment of an advisory board of three members, skilled in the practices of war risk insurance, to assist the Bureau in fixing rates of premium and adjusting claims for losses. These members will not be engaged regularly in the Bureau but are compensated at not to exceed \$25.00 a day, each, for the time they actually devote to the service of the Government in their advisory capacity. As the question of making rates was one of the highest importance, the Government has been fortunate in securing the cooperation of three prominent underwriters who are making the rates adopted by the Bureau. Their assistance has been invaluable and has been an important element in the successful operation of the Bureau's work. There has also been appointed an assistant Director and suitable clerical force has been provided. The Act further makes available for the establishment and operation of the Bureau the sum of \$100,000 and also provides a fund of \$5,000,000 to cover the payment of losses resulting from the insurance written.

While the Bureau was prepared to accept business on September 3, no insurance could actually be written on account of the delay necessitated by waiting for the printed applications and policies. Until September 18, all risks submitted were therefore held on "binders." However, the preparation of policies went forward rapidly and after that date there was very little delay in issuing policies. Up to December 15, a total of \$22,486,944 of risks had been written.

The Bureau announces the ordinary rates of premium from time to time. The latest statement published December 15, is as follows:

CARGO: FREIGHT AND ADVANCES

1. Between ports of the United States, its possessions, or any non-belligerent ports in the Western Hemisphere, $\frac{3}{8}\%$.
2. To non-belligerent ports other than above and not north of Havre, in Europe, nor east of Sicily, in the Mediterranean, $\frac{3}{8}\%$.
3. To all other ports, 1% .

VESSEL (VOYAGE RISKS)

By voyage, meaning from port of loading to not more than two ports of discharge.

Between ports of the United States, its possessions, or any non-belligerent ports in the Western Hemisphere, $\frac{3}{8}\%$.

To other non-belligerent ports not north of Havre, in Europe, or east of Sicily, in the Mediterranean, $\frac{3}{8}\%$.

Other ports, $\frac{3}{4}\%$.

VESSEL (TIME)

Time policies to be issued for a period of 90 days only, rate $1\frac{1}{4}\%$.

If the insured agrees to a warranty, reading: "Warranted using only non-belligerent ports in the Western Hemisphere," rate $\frac{3}{4}\%$.

All rates are subject to change without notice and effective from the date thereof.

An additional set of rates is also applied to special ports. On shipments to these ports it is necessary to communicate with the Bureau before a definite rate can be obtained. At present these special ports are those in the North Sea, in the United Kingdom north of London, and on the Continent of Europe north of Dunkirk and south of Christiansand; also ports on the Kattegat, Baltic Sea and adjacent waters, and ports on the Adriatic Sea, Black Sea, Bosphorus, and the port of Smyrna. Rates to these ports are not made public and it is easy to understand the reasons which make this inadvisable, for conditions are continually changing and the rates must necessarily fluctuate frequently. The maximum special rate thus charged in any case to December 15 has been 5 percent. Compared with the rates of 15 percent to 30 percent charged by private companies in the first week of the war, the maximum rate of 5 percent charged by the Bureau is indicative of satisfactory service.

Rates to other ports, as has been said, are public property and may be obtained at any time either from the Bureau direct or from the collectors of customs at the various ports. To facilitate insurance of shipments, collectors of customs have been given authority to accept insurance and in this way shippers are enabled to transact their business at the port from which any consignment of goods is to be exported.

During the time the Bureau has been covering war risk many vessels which could not secure insurance in the open market have been enabled to sail on voyage which would not have been possible without the aid of this government Bureau. The demand has grown steadily and the premiums have been correspondingly large, until on December 15 they totalled \$502,149.12 on a total business of \$122,486,944. Up to that time no losses whatever had been reported.

The government's war risk insurance has proved effective in a number of specific cases which were becoming very pressing and urgent. It must be understood that while the Bureau only has power to insure ships and cargoes under the American flag, the insurance can be written on voyages either from or to the United States. In this way very material aid has been given to the dyestuff trade. A few weeks ago it was a grave question as to whether the cotton mills and also many western mining projects would not have to be shut down in a very short time owing to the lack of dyestuffs and cyanide. This was due to the fact that Germany's tremendous advances in commercial chemistry had given it a practical monopoly of the supply of dyestuffs and cyanide not only in the United States but in many other countries. As a result of this situation in the United States, groups of merchants chartered special ships which they dispatched to Holland, where they took on board a cargo of dyestuffs and cyanide, which had been previously arranged to be at Rotterdam. These first vessels to sail in this novel trade secured their insurance from the War Risk Bureau and their return to this country marked the removal of much anxiety among the many concerns in the United States dependent on Germany for dyestuffs and cyanide.

INSURING COTTON CARGOES

The second feature of our foreign trade which has since been emphasized is that relating to the export of cotton. About six weeks ago the closing of the North Sea by Great Britain enormously increased insurance risks on any shipments from this country to Norway, Sweden, Denmark, Holland and Germany. Here again the greatest assistance has been rendered by the Bureau stepping in with the security of the Government behind it to undertake risks which could not be faced with any reasonable confidence by private companies. After some hesitation on the part of the belligerents, cotton had finally been declared non-contraband. Preparations were at once made to dispose of large consignments awaiting shipment from this country, and the first vessels to sail direct to Germany and other German ports with cargoes of cotton were insured by the Bureau of War Risk Insurance. Many thousand bales of cotton have also been covered to other countries and there is every reason to suppose that if the necessary number of American vessels can be found, the cotton situation will tend to assume something like normal proportions. Here again the operations of American merchants are hampered by our lack of a merchant marine. Facilities for purchasing foreign ships and bringing them under the American flag have already been provided by recent legislation and it only remains for the business men of the country or the Government, or both in conjunction, to take measures to supply the ships which will enable our trade to suffer as little as possible from the convulsion of international commercial relations resulting from the war.

The War in Europe and Neutral Trade

The writer of this article is a close student of trade conditions. During the month of November he made a hurried trip to Europe in which he spent some days in Liverpool, London, Berlin, Geneva and Paris. His observations and comments on conditions are individual to him but may prove of interest to Americans engaged in foreign trade.

THE First Lord of the Admiralty, Winston Churchill, in a speech made within a month in the House of Commons, announced that "the economic pressure on Germany is progressing satisfactorily." This statement sums up one of the major features of the plan of campaign of the allies. The war, which in some of its aspects has crystallized into a duel between Germany and England, is characterized by a publicly outlined plan to throttle Germany and Austria commercially and cut off 130 millions of Europe's population from all foreign intercourse,—so far as may be practicable and under the feeble shadow of what remains of international law. That is the purpose which the preponderance of power at sea was designed to accomplish and is now fulfilling. It concerns American business vitally.

DECREASE IN UNEMPLOYMENT

Half the cotton mills in England are reported to be shut down and the remaining half running only part-time; yet unemployment is stated now to be but 40 per thousand whereas in August it was 71 per thousand. The new war loans were immediately oversubscribed; the rise of prices at the outbreak of the war has since been stopped; shops and streets are crowded in London and all branches of industry concerned in supplying arms and military equipment are working over-time. With it all, over one and a quarter millions of men are training in Salisbury plain, at Aldershot and other camps; yet the industrial resources and stability of the United Kingdom seem unimpaired. The explanation lies in the fact that the sea remains open. British ships are plying on normal routes of trade in every ocean, whereas the German flag has disappeared.

DISTRESS NOT EVIDENT

All estimates of the number of men called to arms in Germany since August 1st are in part in the nature of guesses. Conservative statements put the figures somewhere between four and five millions. In any case, the numbers are very great. The effect on commerce and industry must be colossal if this condition is prolonged. There is little evidence of distress, however, on the surface to strike the eye. It is true that German trains on lines from the front are crowded with wounded soldiers and frequently passed by troop and ammunition trains carrying men, singing and cheering, to the front. When inquiries are made, however, as to local conditions, the answer is that unemployment is not serious, that credit and collections are easy and regular, that the Berlin Bourse has been open a month for trading in German securities and that only a very few of those listed have fallen seriously in price. Only in foreign relations does any sign of pressure appear. German and Austrian paper has fallen notably—more than ten percent—in value in foreign exchange, although still at par at home. English and French paper, on the other hand, is as good as gold and the foreign exchange value of the

currency of the allies enhanced. The explanation appears to be that Germany and Austria can make no foreign exchange to speak of, in order to support their paper, whereas the exchanges made by the other belligerents are comparatively free.

Many now recall how the blockade of Southern ports in our Civil War simply paralyzed the cotton industries of England and how for two years Lancashire cotton spinners endured a condition which verged on starvation. But the strangling of the foreign trade of the South, with its few millions of people, was a comparatively small thing in world commerce compared with the present situation in Europe where the trade between the United States and Germany alone concerns a combined population of 160 millions and in 1913 exceeded \$500,000,000. This single statement throws up in clear relief one phase of the war result. Germany and Austria have been practically eliminated from foreign trade. Two of the greatest industrial and commercial populations of the 20th Century are temporarily wiped out of existence so far as they have any normal place in world commerce.

OUR TRADE WITH BELLIGERENTS

What this means to American business can be shown by a few figures. In 1913 our exports to Germany were over \$330,000,000,—nearly half being cotton—and to Austria-Hungary, \$23,000,000. To these we can now add Turkey, over \$2,000,000; a total of \$355,000,000. Since England closed the North Sea exports to Norway, Sweden, Denmark and Holland which reached \$163,000,000 in 1913, have been seriously hampered. The reverse trade in imports to the United States is also enormous. In 1913, imports from Germany were practically \$190,000,000; from Austria-Hungary \$19,000,000; from Turkey, practically \$10,000,000. This makes a total of \$219,000,000. Imports from Norway, Sweden, Denmark and Holland aggregated \$60,000,000. In other words, the markets for some 14 percent of our exports and 12 percent of our imports have been practically eliminated while the markets for an additional 6½ percent of exports and 3 1/3 percent of imports may be seriously impaired. In addition, the financial stress of the war has affected every country in the world more or less directly, as we are now witnessing in our endeavors to expand our trade with South America and absorb some of Germany's and Austria's unoccupied markets.

ECONOMIC PRESSURE

As regards our direct trade with Germany and Austria, the situation is new and pressing. It is created not merely by the fact of war itself but by the adoption of a plan of economic strangulation formerly published by the allies as one of their most powerful engines of offense, in the same way as the North strangled the South, only on a far more vast and elaborate scale. The basis of action by which the preponderance of the British and French fleets is made such a formidable weapon,

closing slowly down on Central Europe like the ram of some great hydraulic press, is found in the principles contained in the doctrine of contraband. Never sharply defined, this doctrine is now being expanded practically at the dictation of the allies and there is very little that can restrain them. There is no real law on the subject. England and France therefore have settled down with grim determination and bull dog tenacity to strangle Germany and Austria just as England strangled Napoleon one hundred years ago. Economic pressure is being made to play a roll no less important than the battles of the armies in the field. The American business man must face this situation and realize its significance.

CONTRABAND RULINGS

The legality of the proceedings cannot be strictly defined. There has been a great deal of talk about the Declaration of London. In 1909 an international convention met at London in order to make an effort to formulate the laws of war as regards the sea and determine respectively the rights of belligerents and neutrals. At the convention it would appear, as far as can be seen, that the United States turned a complete somersault as regards its attitude towards one of the vital points under consideration. Contraband has been generally divided into two classes, viz: Absolute contraband, and conditional contraband. The first class comprises articles which are seizable simply if destined for a belligerent country; the second comprises articles which are seizable only if destined for the armed forces or a government department of a belligerent. The first class roughly consists of military equipment while the second includes foodstuffs, clothing and other articles of general consumption.

PRECEDENTS OF CIVIL WAR

In the Civil War a number of cases arose, and action was confirmed, in which the North seized cargoes containing articles of the second class, namely conditional contraband, which were shipped to a neutral port or where their destination to the armed forces or government departments of the South was difficult to prove and to some extent a matter of presumption. In the Declaration of London a clause was inserted stipulating that cargoes consisting of the second class of contraband, that is, conditional contraband, should be seizable only if consigned to a port of a belligerent country and that if consigned to a neutral port they should not be seizable and should not be attributed a contraband character. The United States agreed to the clause and in effect repudiated the action of the Federal Government in the Civil War in seizing conditional contraband shipped from Europe to neutral ports such as Vera Cruz. In diplomatic circles it has been widely suggested that this clause, stating that the so-called theory of continuous voyages should apply only to absolute contraband and in no circumstances to conditional contraband, was a deliberate move to clip the claws of the British lion.

FAILURE OF DECLARATION

The Declaration of London thus reflected the shadow of the war cloud which has now burst. It is in any case significant that the Declaration failed of general acceptance to some extent because the British Parliament rejected it on account of the clause limiting the theory of continuous voyages to absolute contraband. The United States alone has ratified the convention but it is understood that the text approved by the Senate is a translation of the original French which has not been accepted by any other signatory.

The failure of the Declaration of London left the question of contraband pretty much where it had been. The Declaration has acquired a certain amount of prestige because of its temporary success in defining what should be classed respectively as absolute and conditional contraband and also in drawing a third list containing articles which should be excluded from the contraband lists and classed under all conditions as non-contraband. However, a glance at the lists of absolute and conditional contraband now published by England and France will show that they differ radically from those in the Declaration of London. Even the non-contraband list would seem to have been modified. It is generally understood that cotton escaped only through a firm stand on the part of England which prevented the allies from taking a position that would have definitely cut off all chance of arrangements to dispose of the \$140,000,000 of cotton we ship annually to Germany. Although the allies have now confirmed cotton as non-contraband, nevertheless the problem of shipping cotton to Germany is by no means solved.

ALL SHIPPING HAMPERED

As the war proceeds, the outward pressure of our exports to find their normal markets will no doubt increase. The rights of belligerents are being widely and generously defined but the trade rights of neutrals are receiving no such treatment. Very little pressure other than that of popular opinion and national sentiment can be brought to bear to safeguard the neutral trader. In case of the United States, our arbitration treaties and new peace treaties, providing for one year's consideration of grievances, preclude the possibility of attaining definite relief to any protest inside of twelve months,—by which time the war may be over. In the interval, the grievance or complaint or whatever might be the cause of the protest, will be without redress. On the other hand, the value of the public sympathy of America is set very high indeed by all the warring countries and none of them will sacrifice it willingly. By strictly observing the requirements of the belligerents and by having the Government steadily and soberly support every bona fide non-contraband shipment, much may be accomplished and our trade relieved as far as practicable from the disastrous effects which must attend in some degree any war waged on a scale so colossal and with a deadly seriousness and determination so appalling.

Commercial Conditions in South America

Responding to the demand of greatly increased interest in South American trade, THE NATION'S BUSINESS has secured special contributions from the commercial representatives of the South American Republics. In previous issues have appeared articles relative to Uruguay, Peru, Bolivia, and Paraguay. Below appears information relative to Colombia and Ecuador. These are all worthy of serious perusal by those now engaged in South American trade as well as by those seeking business in South American markets.

Colombia

SINCE the European war broke out last August, whose dire consequences and ill effects were felt immediately the world over, the question has come up for discussion among the leading business men of the United States, as to how to take the best advantage of existing conditions in order to capture the trade of Latin America. In this connection and in the way of foreword, I may be allowed to quote from an article published in the October issue of The Pan American Magazine the following paragraph which deserves attention:

"Do not forget this, Europe did not go in and take South American trade; when she began doing business with Brazil there was no trade to take. Europe created trade—sent her silks and velvets and wines across in show sailing boats as early as the sixteenth century and took away in the same boats raw sugar and dyewoods. There was no commerce until it was made, nursed when it was but a puny infant into sturdy youth, fed on European money, strengthened with European blood and brains."

What the above paragraph says about trade in Brazil applies to all the sister Republics to the South.

England and Germany stand pre-eminent among the trade creators, and whoever may aspire to capture or conquer the trade that those two nations have nurtured and cultivated for generations, must follow their methods and peerless system. But even then, it must be remembered that as first comers they have sent their commercial roots and feelers deep into the commercial fields of Latin America.

Europe has risked her capital in the financing of Argentina, Brazil, Chile and the rest of the Southern Republics, thereby establishing a strong and unmovable foundation for their commercial edifice.

From the very dawn of their independent life and struggles, the Latin American countries found in England and other European nations, not only financial backers, but staunch sympathizers with their cause and aspirations.

From the above general remarks it may be concluded that it is no easy task for the United States to go into those commercial fields and to capture all of a sudden the trade of Latin America. Yet the present opportunity seems with promise and it must be seized if only to lay a solid foundation for the systematic commercial expansion towards the South.

AGRICULTURE AND MINING

The Latin American Republics are agriculturists and miners; they ship abroad the excess of their products with which to buy what they need at home and which they do not manufacture or produce. Thus we find that when their products sell readily in the foreign markets and at good prices, their purchases increase in proportion.

Take Colombia as an instance. The value of her exports in 1912 increased about \$10,000,000 over the year 1911, so she bought abroad about \$5,000,000 more in the former year (1912) than in the latter (1911). While her exports in 1913 only increased over the previous year by

\$2,000,000, in round figures, she bought in the year 1913 \$5,000,000 more than in 1912. It is plain, therefore, that the purchasing power of this republic, as well as of all the others south of the United States, depends upon the marketing of their products.

One of the worst effects of the present European war on these republics has been the sudden stoppage of their exports, especially in those countries which heretofore shipped the bulk of their products to Europe. And since their importations have ceased in proportion and the principal revenues of the several Governments are collected from import duties at the custom houses, the situation is thus aggravated and a state of things created from which they all must needs be extricated.

SHOULD PURCHASE MORE

Here is where the United States could do a signal service and at the same time lay the foundation for the trade expansion sought. I do not mean the Government of the United States, but the business men—bankers, manufacturers, dealers, etc. If a way could be found to finance part at least of the glutted products of Latin America; if the purchasing power of the United States for the raw products of the other America could be increased, then it will follow that the selling power in those markets would also be increased. Of course there is a limit of consumption in every country, and the United States has bought previously from Latin America as much as it could consume, especially in the way of coffee, hides, crude rubber, etc. But at the same time, there are certain goods like the wool of Argentina and Uruguay; the tin ores of Bolivia; the ivory nuts of Ecuador and Colombia, etc., the consumption of which could be increased by a change in the manufactures of the United States and an increase in their adaptation and capacity. And it may be taken for granted that if that were the case, the raw products, at least in part, could be shipped back to the countries whence they came, in a manufactured form. There are many difficulties in the way of such an idea, the main one being that the United States does not seem to be able to do the financing required to carry it out: its own home producers seem to need financing also and they of course must have the preference.

Among the things that must be noted—after financing—for the expansion of trade with Latin America from the view point of the United States are:

1. Lack of banking facilities,
2. Lack of trained men to do the missionary work,
3. Lack of adaptation on the part of the United States manufacturers and dealers.

Much might be written on each one of these subjects; but in order to be brief, I shall just make a few remarks on each.

BANKING FACILITIES

As to the first: The absence of American banks or branches thereof in Latin America has always stood in the way of commercial expansion. Now that the Federal Bank Act allows the

establishment of such branches and that the National banks are permitted the acceptance of long sight drafts and the rediscounting, this barrier may fall to the ground. Much tribute has been paid to Europe heretofore for the discount and acceptance of foreign drafts drawn against shipments of South American products by the triangular system (via England). There is no reason for that now.

Besides the foundation of branch banks, or instead of it, a system of exchange credits may be worked out in connection with the local banks, which would not only facilitate the transactions but also offer ample facility for the shipment of goods against such mutual credits.

AGENTS UNTRAINED

As to the second: Whoever may have had occasion to meet in South and Central America, agents and commercial travelers from the different countries, must have noticed the great disadvantage of the North American travelers and agents, as compared with the Europeans. Since comparisons are odious, enough said on the subject.

ADAPTABILITY LACKING

As to the third: The United States manufacturer and dealer is a very stubborn citizen. In my long business experience I have found him so, and prone to do as he pleases, not as the other man may need or wish. As a general thing, they are discourteous and they hold the record for blundering in utter disregard and contempt for the customers' needs, and even written instructions. They lack adaptability to foreign needs. For instance, to mention only two lines of goods, the English mills will turn out fabrics in the lengths and widths demanded by the foreign buyers, packed in the best possible way to conform with instructions and requirements of transportation; the French manufacturer of shoes makes special lasts for people of high instep, etc. The North American manufacturer will sell fabrics of the length and width that he makes and nothing else; and shoes for flat-footed customers which no Latin American can accommodate to his style of foot. I state facts; the causes I omit.

CREDIT NECESSARY

As a final remark I shall say that the insistence of the United States dealer to sell on a cash basis only, will be an insuperable obstacle to the expansion of trade in point. When a buyer can purchase goods at 4, 5, 6, and 9 months, it will take a great deal of argument to sell him the same goods for cash. The merchant likes to be trusted and will invariably prefer to buy even at higher prices, from him who does trust him. I do not mean to say that the dealer must give credit to every Tom, Dick and Harry that applies for it; but what I mean to say is that by studying a customer, his character and responsibility, credit may be given him without any risks and to mutual advantage.

The matter of credits is all important now; Europe has accustomed the Latin American merchants to de-

ferred payments and the United States manufacturer or dealer must meet these conditions if he hopes to capture customers; for when all has been said, the last word in the matter at the present time is: Latin America needs credit, i. e. capital; and to him who may provide her crying need of the hour will go eventually the prize of her important trade.

FRANCISCO ESCOBAR,
Consul General of Colombia.

Ecuador

LIKE all countries of the world, Ecuador could not escape suffering as a consequence of the European war; but however much its foreign commerce may be paralyzed at this time, the country is far from passing so acute and severe a crisis as other countries. The reason is obvious. Ecuador has, until today, developed by itself. It has not yet received any impulse in large scale from foreign capital, and with the exception of one railroad (286 miles) built by an American Company, with European capital, and two small roads constructed also with European money, it owes everything else to itself.

The flourishing state of its agriculture, its industries even though but small as compared with those of other countries, its commerce and its finances, have all been promoted and developed, almost exclusively with domestic resources. Its foreign tribute is today scarcely \$970,000 per annum, besides what leaves the country for expenses of Ecuadorians in Europe and the United States, and profits of foreign firms. Our exports have, for many years, been large enough to attend to payment for imports and foreign tribute.

PUBLIC WORKS

We may have, perhaps, to delay some public works in course of construction; but they are not so urgent that they cannot be retarded for a few months within which we all hope to see peace restored throughout the world. What is of most importance to us—the sanitation of Guayaquil—is not being constructed with foreign capital but with our own money. We may, probably, have to see stopped the impulse given to it by its diligent contractors, but I repeat, it is a question of a short time. Meanwhile we shall have to submit to the inconveniences under which we have lived until now. I have mentioned public works first, because, I think, they are of greatest importance. Their stoppage in many countries is causing foreign and domestic complications.

COMMERCE AFFECTED

Commerce in general is suffering from the semi-paralyzation of the world's traffic. Our exports found their market mostly in Europe; chiefly on account of the facilities obtained from European bank credit; and with the cog-wheel stopped, we must, naturally, suffer the consequences. The larger part of our shipments, whether destined to Europe or the United States, were financed by means of 90-day-sight drafts on London, Hamburg or Paris; what was drawn on New York was very little. Until

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Sixth International Congress of Chambers of Commerce

The November number of THE NATION'S BUSINESS contained a general report on the Sixth International Congress. Continuing the report by the American Consul-General at Paris, A. M. Thackara, there are presented below various important subjects in the order of their consideration by the Congress.

THE International Congress of Chambers of Commerce and Commercial and Industrial Associations, developing through debate in open sessions a better understanding among business men, has more than justified its creation and made apparent the necessity of increasing its activities and broadening its influence.

New methods and new transportation facilities are so altering trade conditions that foreign trade is actually in the formative stage and largely dependent for success upon commercial flexibilities.

To bid actively and successfully for foreign trade a nation must be of the world as well as in it, systematically and continuously studying the trade methods of other nations and judiciously adapting its endeavors to secure its share of the world's markets to those methods, which are constantly changing with the ever-varying conditions of commercial affairs.

As transportation facilities multiply and transportation time by land and sea is shortened, peoples of the world are brought nearer to one another and trade and barter are increased.

In view of the ever-increasing exchange of commodities, certain European countries inaugurated a few years ago official campaigns for the development of their foreign trade. To a certain degree the methods of the countries in question have been adopted by the American Government and American business men, and at the present time the Chamber of Commerce of the United States of America is working on various lines tried and approved by foreign commercial organizations with a view to arousing a national interest in American trade legislation and trade promotion that must eventually help every section of the country.

In commerce national interest is a condition precedent to international interest and the cornerstone of foreign trade, through which alone may be exerted the cohesive strength of the nation in its efforts to secure foreign trade.

Government Cooperation

In European countries, especially countries with a large foreign trade, the commercial policies of the governments are partially shaped by the official and semi-official organizations which through their close touch with commerce are able at least to suggest commercial legislation. This plan of procedure has not only helped the foreign and domestic trade of the countries in question but also in many instances improved international relations. This is another lesson of the Congress in Paris, where so many of the European delegates were officials in the commercial departments of their respective governments, familiar with foreign trade and specially interested in its promotion. It should be borne in mind, however, that other and non-official delegates were also sent to the Congress by European commercial organizations and that the delegations were in all cases broadly representative and thoroughly democratic and typical of the new era of international commercialism.

New Opportunities

This new era undoubtedly offers the American people new facilities and new perspectives. In view of the opening of the Panama Canal, Ameri-

cans must act on international lines, thus widening their commercial horizon, if they would get their share of the Canal trade. Whatever the other results, the Canal will furnish both the Atlantic and Pacific coasts of the United States with new currents of foreign commerce for which our country must make a bold bid. But that bid must be based not on manifest destiny but on the new conditions. The Canal advantages are not automatic nor are opportunities less apparent or more available for other trading nations than our own.

In the circumstances, the International Congress of Chambers of Commerce, and Commercial and Industrial Associations occupies a unique position. It can adjust trade differences and raise the standard of commercial honor, and, better still, it may unite the commercial communities of the world in an understanding that will effect world peace. The idea of solidarity is in the minds of potential men. By a happy coincidence, the recent Congress, as stated before, accepted a plan of continuous operation whereby the constituent body will be kept in constant touch with the views of all countries on trade issues and problems of international importance. At no stage of the proceedings was the honesty of purpose of the Congress more clearly shown than in the decision to invite constituent bodies to submit international issues and problems to the Central Bureau during the next two years. The exchange of views will not only stimulate home interest in foreign trade development but make for international unity.

The Sixth International Congress organized by electing Monsieur Canon-Grand of Belgium, President, and Monsieur David-Mennet of France, Vice-President.

The report of the Permanent Committee was submitted, giving a resume of various questions acted upon at previous Congresses.

Custom House Statistics

Section 2 of this Report relates to Custom-House statistics. This subject was first submitted to the Milan Congress of 1906, and after full discussion at Milan and at Prague (1908), a resolution was adopted urging the necessity of devising an international classification of commodities which would permit all countries to publish Custom-House statistics under identical headings, thus making comparisons possible. As a result of this resolution, the Belgium Government invited the governments of all countries to send official delegates to an international conference which met at Brussels in 1910. At this conference an international classification was elaborated and approved by 21 different States. At a further conference held in Brussels in November, 1913, it was decided to establish an International Bureau for Custom-House Statistics at Brussels, which commenced operations July 1st, 1914.

Many of the Great Powers have joined the Bureau, but it was particularly noted that the United States was conspicuous in not yet having taken action in this respect. No argument is required to demonstrate the vital necessity for uniform and comparable statistics of imports and exports, and the assistance they render to the development of foreign commerce of all countries. It cannot be too strongly

urged that the Government of the United States should join and collaborate in the work of the Bureau.

Foreign Postage Rate

Under Section 3 of the Report much space is given to the proposed universal adoption of a two-cent rate for foreign postage. The United States having already a two-cent rate with Great Britain and Ireland, Canada, Mexico and to a limited degree with Germany, cannot but favor this proposition. The principal obstacle to its adoption now appears to lie with the fiscal limitations of the greater number of the countries of the world.

International Arbitration

Reference is made in Section 4 of the Report to certain recommendations made by the Boston Congress of 1912, and especially to the proposition that the United States be invited to call an international conference with a view to establishing an International Court of Arbitral Justice to settle disputes between foreign nations and individuals. Whilst such a resolution was voted at the Boston Congress, it was strongly urged from the floor at the time by the delegates of the American Chamber of Commerce in Paris that the vote was taken under a complete misunderstanding of the meaning of the resolution. Certain it is that at the Paris Congress of 1914 no apparent interest was taken in this subject, which is unquestionably of very minor and limited importance and was completely overshadowed by the broad question of commercial arbitration between individuals of different nationalities.

The official report on "The unification of legislation relating to arbitration procedure for the settlement of disputes between citizens of different countries" was presented by Signor Pozzi of Italy, and exhaustively treats the subject of commercial arbitration from an historical and legal viewpoint. In conclusion the following resolutions were adopted by the Congress:

WHEREAS, There is great necessity for a speedy and inexpensive procedure for the settlement of commercial and industrial disputes, especially in international relations; and

WHEREAS, Measures should be taken for placing at the disposal of merchants and manufacturers of all countries the organizations necessary for arbitrating disputes which may arise between citizens or subjects of different nations, basing these organizations upon the arbitration regulations of the International Cotton Association, and of the International Congress of Publishers, as well as upon the results of the investigations of the Berlin Chamber of Commerce and upon the proposed regulations elaborated by the Chamber of Commerce of the State of New York; that is to say, through the organization of International Arbitral Associations for each class of business or each group of similar classes of business; and

WHEREAS, According to reports received from the International Cotton Association, the Chamber of Commerce of Paris, the Society for the Protection of Commerce and Industry of Marseilles and other Associations, it is essential that the validity of an arbitration clause (a clause compromissoire) embodied in contracts between merchants and manufacturers should be recognized by the laws of all countries as one of the necessary conditions for realizing international arbitration in disputes which may arise in business transactions between individuals or corporations of different countries; and

WHEREAS, It is also equally essential that the laws of all countries should permit foreigners to act as arbiters, and that said laws should provide for enforcing foreign arbitral decisions, without requiring evidence that the rules of procedure have been observed, and that the decisions have been

rendered in conformity with international law, and with the common law of the country in which enforcement of said decisions may be sought; and finally, in order that even the form of arbitral judgments may be uniform as far as possible as regards the number of arbitrators, the recording and affirming of the arbitrators' decisions, the manner of taking appeal, etc.; be it

RESOLVED, That Federated or Affiliated Chambers of Commerce and commercial and industrial associations forthwith organize associations of international arbiters for each class of business or for each group of similar classes of business; and be it

RESOLVED, That the Permanent Committee of the Congress convene an International Technical Conference of delegates from Chambers of Commerce, and from commercial and industrial associations of the various countries here represented, assisted by legal experts, with object of elaborating a draft of an international agreement establishing the procedure to be followed in the arbitration of disputes between individuals and corporations of different countries, and that the Permanent Committee submit this draft agreement to the Government of the French Republic with the request that the other countries be invited to an international diplomatic conference, with mission of preparing, based upon the aforesaid draft, an international Convention regarding the arbitral procedure to be followed in settling disputes between citizens or corporations of different countries.

These resolutions were eventually adopted in their original form. Two divergent trains of thought were developed in the course of the discussion. One largely followed by the American and British delegates who, looking at the matter from the businessman's point of view, seemed to consider that the easiest way to secure commercial arbitration was to arbitrate. The other, which seemed more to appeal to the Continental delegates, led to the conclusion that arbitration could only become effective through international adoption of uniform laws and procedure as a first and essential preliminary. Whilst your delegates are of opinion that ample means for voluntary arbitration exist or can readily be provided by Chambers of Commerce throughout the world, still they strongly recommend that the Chamber of Commerce of the United States, and other commercial associations send delegates assisted by counsel to the International Technical Conference when organized by the Permanent Committee.

Uniform Check Legislation

This subject was discussed at great length in Boston in 1912, with the result that a special Committee was appointed to make an exhaustive study of the matter during the two years interval. The Report of this special committee was presented by Mr. Faithful Begg of England, the Chairman. In the report are embodied the Resolutions of the International Conference held at the Hague, June, 1912, concerning a Draft Uniform Law of checks. These after discussion were unanimously approved by the Congress, and the Congress recommended that every effort should be made to induce the Governments of those countries where the use of checks is not yet general, to take measures for the extension of the cheque system as far as possible on the lines of the draft uniform law, as settled at the Hague Conference. For this purpose the following measures should be adopted by the countries in question, viz:

1st. The use of checks should be legalized and encouraged by all Governments, Municipal and other public bodies, not only with regard to all payments made by them but also for such

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International Congress

(Continued from page 13.)

payments as are made to them by the taxpayers, subscribers and debtors in general, in all such cases where by doing so they do not in fact incur any risks themselves;

2nd. That local clearing houses should be established wherever possible and that the Post Offices should join them as members, as has been done in Germany, Austria-Hungary and Switzerland.

3rd. That the cheque shall be exempted of stamp duty, as has already been enacted by the German Parliament.

The United States and Great Britain have but indirect interest in this subject, as in both these countries, as well as in their colonies and possessions, the use of the cheque and of the clearing-house system is developed to a degree unknown in continental Europe. The extension of the use of the cheque in other countries is however, going steadily forward, although restrained by the stamp tax and the lack of clearing houses.

The President of the American Chamber of Commerce in Paris called particular attention to the advantages of the "crossed cheque" so universally used in England and now legalized in France. A cheque is crossed by drawing two parallel diagonal lines about three-quarters of an inch apart across the face. When so crossed a cheque cannot be cashed except through a clearing house, thus ensuring almost absolute security. The adoption of this device by American bankers would appear to be an obvious and readily applied improvement of our present system.

Postal Checks and Transfers

The Report submitted by Dr. Vassaly of Hungary was a complete and masterly exposé of this subject and comprised a complete bibliography of works consulted. In his explanatory address he traced the use of postal checks in various countries, and it appears that this method of transferring money originated in Austria in 1883, and has been since adopted by Belgium, Germany, Hungary, Japan, Luxembourg, and Switzerland. It was stated that it is about to be adopted by Holland, Italy and Roumania. It would appear therefore, that the necessity for such an instrument has arisen in countries where the bank cheque is not in general use, as in the United States and England, and where a clearing house system has not been developed. As pointed out by an English delegate, England certainly, and the United States probably, would not be disposed to adopt the postal check which would only initiate competition between the Post Office and banking institutions without any conceivable advantages.

After discussion, and the adoption of an amendment proposed by Herr Heyn of Germany, the following resolutions were adopted:

1. That those countries which have not yet organized a public service of postal checks and transfers should proceed to establish such a service with as little delay as possible.

2. That for international transfers the postal authorities of the various countries enter into contractual agreements not only with each other but with individual firms or private banking institutions.

3. That the national transfer services be organized internationally on lines similar to those existing in the case of international money orders, and that an International Bureau be established for this purpose.

4. That the credit of the various countries should not be brought into cause in the service of international postal checks, and that any delay of payment on the part of the drawee should be illegal, and whereas the transactions through the mediation of the official transfer bureaus form but an insignificant part of the settlements of interna-

tional claims and debts and as the Congress feels deeply the necessity of the whole international system being placed on a more solid foundation, recommends that the question be placed upon the program of the next Congress in order that it may be discussed not only from the point of view of the postal check and transfer service, but also as to its relation with banks of issue, to better determine the role which these institutions would play.

Credit Warrants

The Report on this subject was submitted by Messieurs Henri A. Rau and Jean Fontaines, of the Belgium Chamber of Commerce in Paris. After explaining that the object of the Warrant is to enable a merchant to borrow money on goods deposited in a bonded or a public warehouse, the report goes on to describe in detail the French system as practiced under existing laws. Under this system public warehouses issue a two-part document consisting of a warehouse receipt and a warrant, both of which are negotiable by endorsement. When a loan on the deposited goods has been negotiated, the amount is endorsed on both the receipt and the warrant. The warrant thus represents the lien on the deposited goods, whilst the receipt represents ownership. The goods may always be withdrawn from the warehouse upon surrender of the receipt and deposit with the warehouse of funds sufficient to discharge the warrant when the loan matures. As shown by the independent report submitted by the Chamber of Commerce of Paris by Monsieur Henry the laws and practices relating to warrants differ greatly in the various countries, but it is considered that no great difficulties lie in the way of securing uniformity, which would make these documents more readily negotiable internationally.

The following resolution was unanimously adopted by the Congress:

RESOLVED, That an international conference be called composed of Public Officials, Jurists and Members of Chambers of Commerce at which the financial element shall be represented, for the purpose of assimilating the various laws relating to Public warehouses, and for adopting an international form of Receipt-Warrant.

Unfair Competition

The Report of the Sub-Committee, whilst enumerating many forms of unfair competition, mainly confines itself to the one form of bribery and corruption. The reason for this limitation is two-fold, first on account of the complexity of the general question, and secondly because of the great activity of the British and of the German League for the prevention of bribery and corrupt practices. The discussion of this subject was long and animated, and participated in by delegates from almost every country represented. This is a demonstration, were one needed, of how widespread are the various forms of unfair competition, such as infringement of patents, imitation of trade names and trade marks, false indication of country of origin, and the like, and how great is the necessity of international action to suppress these practices, and to protect commercial rights and property. Except to the representatives of the British and German Leagues above referred to, the evil of bribery in commercial relations appeared to be of minor interest, and quite over-shadowed by more prevalent and less apparently criminal practices. The following resolutions proposed by the Sub-Committee were unanimously adopted:

RESOLVED, That in view of the complexity and wide scope of the subject as set forth in the order of the day, the Congress limits its discussion to the question of bribery and corruption, and leaves the general subject of unfair competition on the program for the next Congress, and, in the meantime requests the Permanent Committee to nominate a sub-committee to study the other phases of unfair competition which should

form subjects for special legislation and report thereon from time to time.

2. That the Congress should urge the desirability of special legislation as uniform as possible, in all countries, against corruption and attempted corruption, by whomsoever committed. Such special legislation should stamp corruption as a criminal offense, punishable in accordance with the laws of each country, and at the same time should allow civil proceedings by the injured party, or parties, for recovery of damages.

3. That the Congress is of the opinion that such special legislation should render the instituting of criminal proceedings as easy as possible. Not only the State itself, but also associations, and individuals should be able to begin such proceedings, the statutes being framed in each country in as broad a spirit as is compatible with the general principles of national procedure in criminal matters.

This broad question of unfair competition has therefore been left to a sub-committee for study during the two-year interval, and will at the same time be submitted to commercial organizations throughout the world in accordance with the American referendum plan.

Daylight Saving

In the report submitted by Dr. von Bottinger of Germany, it is proposed that throughout the northern hemisphere all clocks be set ahead sixty minutes on the 1st day of May, and set back by the same amount on the 1st day of October. This suggestion was first brought before the British House of Commons in 1898, in the form of a bill providing that all clocks be advanced one hour on the third Sunday in April, and set back one hour on the third Sunday in September. There is therefore little difference between the English and the German proposals. The object of this arbitrary clock setting, is the better utilization of the hours of daylight during the summer months, with the result that more time would be available at the end of the day for healthful recreation. In addition there would result a very great saving of artificial light, which would be of great advantage to industrial and commercial enterprises, railroads, etc. It is, however, evident that such a plan could not be put into effect without serious complications except through international agreement, and it is also evident that such a plan is not one that should be adopted without exhaustive study of its effect on all forms of human industry. It is stated that a saving of 154 hours daylight would be effected, presumably in the latitude of London, but it is significant that the question of latitude is not touched upon in any of the reports. It hardly needs to be pointed out that the plan would have little effect either in the northern countries or in those lying near the equator, whilst it would be necessary to obtain their assent. After discussion, all of which was favorable to the proposal, the following resolution was adopted:

RESOLVED, That an international understanding be sought in favor of saving daylight during the summer months, by advancing all clocks by a given amount.

Gold Reserves

The report on this subject was presented by Mr. F. Faithful Begg, the originator of the plan proposed. The proposal, on broad lines, is that a special gold reserve of \$15,000,000 be formed in each of the countries, Austria, England, France, Germany, Russia and the United States,—to be available only in case of threatened financial panic. The general fund of \$90,000,000 in gold coin or bullion, would be administered by an international board, to consist of the Governor of the Bank of England, the Regent of the Bank of France, the President of the Imperial Bank of Germany, the Governor of the Federal Reserve Board of the United States, the General Manager of the

Russian State Bank, and the Governor of the Austro-Hungarian Bank.

In case of threatened financial panic, the International Board would confer by telegraph, and could authorize, as a first measure, depositing all or part of the \$15,000,000 held in the threatened country, with accredited local banks. If greater relief should appear necessary, then sight drafts would be authorized against the reserves in other countries. It was urged that such immediate international relief could not but result in restoring confidence, and in removing possibility of serious financial disaster. In the discussion which ensued many and obvious objections to this plan were developed, but the consensus of opinion was that a further and comprehensive study of Mr. Begg's suggestion could only be productive of valuable results. The following resolutions were therefore adopted:

RESOLVED, That the Congress declares that being in principle, in accord with the ideas advanced by the reporter, Mr. Faithful Begg, supports the resolution proposed by him and noting with satisfaction, for future reference, the opinions of the Delegates from Italy, Holland and the United States, also of Mr. Arthur Raffalovitch and of the President of the Reichstag and German Handelsstag.

RESOLVED, That the Permanent Committee maintain on the program for the next Congress the question of gold reserves for preventing financial panics, and

RESOLVED, That the members of the Congress be urged to study this question in the meantime in their respective countries, and as far as possible from an international point of view, thus aiding to draw closer the bonds of brotherhood between the nations of the entire world.

Twenty-four Hour Day

In presenting the report on this subject Dr. Georg, of Switzerland, admitted that the subject was one of secondary importance although not without interest in relation to railroad time-tables, and to postal and telegraph schedules. This system consists in numbering the hours consecutively from 1 to 24, beginning with 1 A. M., midnight thus becoming 24 o'clock. It has already been adopted and applied by the railroads and by the postal and telegraph services of Belgium, France, Italy, Portugal and Spain. Neither in the report nor during the short discussion which followed its reading were any particular reasons advanced in favor of this system, beyond the general statement that it removed certain sources of error inherent in the day of two periods of twelve hours each. However, the Congress approved the conclusion of the report advocating the generalization of the twenty-four hour day as applied to railroad, postal and telegraph services.

Customs' Stamp

Monsieur Ferné of France, in submitting his report, explained that the International Postal Convention forbids the forwarding of dutiable articles by mail, whilst certain countries permit the mailing of merchandise of small volume, as distinguished from what may be classified as samples. The practice of sending goods of small bulk by mail is rapidly increasing, but the advantages of quick delivery are often lost through the customs authorities insisting upon the examination of small packages of foreign origin before delivery. It is proposed, in order to obviate these delays, that customs stamps be placed on sale at the consulates of all countries, and that these to the amount of the duties collectible be affixed to such packages. It is not proposed to apply this to the parcel post, but only to first-class matter paying full letter postage. It was admitted that this plan would offer few advantages, unless the customs' authorities

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International Congress

(Continued from page 14.)

would agree to pass without examination such packages, or at least be satisfied by an examination of a small percentage of those received.

The General Director of French Customs pointed out that it would be impossible to waive all examination, and estimated that, as it is, the French Customs lose over \$400,000 annually through the smuggling of articles of value through the mails. He stated, however, that France was disposed to enter into reciprocal agreements with other countries involving the use of a customs' stamp, and that he had hopes that such an arrangement would soon be realized between France and Belgium. He further advised that the Congress could favor with advantage the conclusions of Monsieur Ferné, as such action could not but have a favorable influence with the International Postal Conference shortly to be held at Madrid, at which conference the question of customs' stamps will be raised by Austria and France.

After further discussion the following resolutions were adopted:

RESOLVED, That the Congress favors the institution of a Customs' Stamp and of a combined Postal and Customs House service assuring the application thereof, but always with the reserve that this new service should not require obstructive formalities which would render illusory the use of such a Stamp, and further, that any formalities which might under exceptional circumstances be required of the addressees of packages, should be carried out in post offices and not in Customs Houses.

Subjects Carried Over

The time for final adjournment having arrived, it was decided to refer to the next Congress the questions on the program relating to:

1. Insurance policies on merchandise in international transit.
2. Proposed uniform type of Bills-of-Lading.

After an exchange of several votes of thanks and complimentary speeches, the Congress adjourned.

Official Entertainment

Hardly less important than the business sessions of the Congress, were the various official functions and entertainments arranged for the visiting delegates. These were not only demonstrations of the well-known hospitality of France, but were occasions bringing about harmony, mutual understanding and friendship between leaders of commerce and industry of the nations of the world. No doubt remains in the minds of the American delegates as to the very great influence such gatherings will have upon international understanding and respect, and eventually upon the peace of the world.

On the evening of June 8th a general reception was tendered the delegates by the Chamber of Commerce of Paris at the Pré Catelan; on the 9th the official delegates were received by the President of the French Republic, and in the evening a fête artistique at the Trocadéro Palace was organized by the foreign Chambers of Commerce established in Paris. On the 10th the Municipal Council of Paris received the delegates at a brilliant reception at the City Hall, and on the 11th the Minister of Commerce gave a largely attended garden party. On the same evening the delegates attended a gala performance at the Grand Opéra. Finally, on the evening of the 13th, a banquet was held at the Bourse de Commerce, attended by the high officials of France, the corps diplomatique, etc., at which the President of the French Republic was to have presided, but on account of the change of Minis-

try occurring on that date he was unable to be present. There were about 1,200 guests.

In addition to these official functions, the American delegates were entertained by the American Ambassador, Mr. Myron T. Herrick, at a reception at the Embassy, and were the recipients of many other highly appreciated courtesies.

One day was spent in visiting the champagne districts of Reims and Epernay, and the week of June 15th-26th, was devoted to a trip to Lyons, Le Creusot, Dijon, Valence, Grenoble, the Lautaret Pass, the Monastery of the Grand Chartreuse, Annecy, Chamonix, Montevaux, and Evian. This trip, which had been organized by the Chamber of Commerce of Paris, gave the visiting delegates an excellent idea of some of the varied industries of the country, notably the manufacture of silks, of gloves, of champagne, and of the great steel works of Le Creusot, and at the same time carried them through the most picturesque part of the Alpine region of southeastern France.

Everywhere the delegates were the recipients of much official and private hospitality, and completed the journey with the satisfaction of having passed a strenuous week agreeably as well as profitably.

South American Trade

(Continued from page 12.)

financial transactions with those markets are restored, or until American banks will decide to extend to us similar facilities we shall have to bear the consequences of the stoppage. But this conflict has caught us with the larger portion of our crop exported, and a good part of it sold. Should the war terminate before the new crop is harvested the damage done will not be serious. The small part of the crop which may not be exported will hamper us somewhat as our local resources are not sufficient to take care of such an extraordinary need.

Our foreign purchasing capacity will certainly shrink if we are not able to dispose of our exports, or if necessity will compel us to sell them for less. But we can produce, within the country, all that is absolutely indispensable for our own subsistence. Of course, should the war be prolonged, and should our next crop of cocoa be warehoused in part, we shall face a very hard situation. However, cocoa will always sell for its cost of production at least. It has become if not a necessity an article of wide-world consumption, and well conditioned it can keep several months without any danger of being damaged. Should the situation become too severe we would manufacture chocolate and seek markets for it. It is quite natural that European factories being partly closed consumers of the manufactured article would look for it where it could be found. Our own local resources would be enough to establish a few factories and those who could not obtain the article in Germany, France, Belgium or Switzerland could just as well come to the place where it is produced—Ecuador, where nature has given the bran, sugar, vanilla and cinnamon, and everything that is necessary.

Exports

Cocoa is our chief article of export and constitutes our principal source of wealth. The Gold Coast (Africa) is the only country exceeding our production, but the cocoa of this colony is very inferior in quality and we have the supremacy in quality cocoas.

This year our exports would have reached 50,000 tons, all of which would have been consumed.

Our total exports amount to \$13,500,000 American gold as follows:

Cocoa	\$8,000,000
Vegetable ivory	2,000,000
Straw hats	1,500,000
Coffee	1,100,000
Rubber	600,000
Hides	260,000
All other	40,000

Total\$13,500,000

the destination of which is:

France	\$4,500,000
United States	3,200,000
Germany	2,200,000
United Kingdom	1,000,000
Other countries	2,600,000

Total\$13,500,000

France was not our principal consumer, neither did Germany consume the quantity expressed above, nor the United Kingdom what appears as exported there. They were distributing countries. Havre, Hamburg and Southampton would supply the rest of Europe. While it is true that the two first named ports are hindered for the present, Southampton is free and in full activity.

Our logical and natural centre of distribution should be found in the United States. If not New York, because of its high cost of handling, one or several other ports should be the distributors if only the American bankers would find their way to finance the shipments and the American merchant marine could make necessary arrangements to carry our cargo and that of the other countries of the American continent to the different countries of the world.

Never was there a more opportune moment to start this movement. Countries however little sentimental know how to appreciate and respond to aid. The everlasting bonds of international friendship are thus created and maintained.

Ecuador, as well as the other large producing countries of South America—Brazil, Venezuela, Trinidad and Santo Domingo—are well aware that this country cannot consume their combined output of cocoa, which together with the production of the smaller antilles amounts to about 160,000 tons of beans. But were the consumption of the United States only 80,000 tons it would not be difficult to distribute the other 80,000 tons. The only two other large producers of cocoa are the Gold Coast (50,000 tons) and St. Thome (35,000), both in Africa where shipping is at present difficult and complicated, inasmuch as both were financed largely through Hamburg.

VEGETABLE IVORY

Vegetable ivory is our second article of export and it has its principal market in Hamburg; almost exclusively because of the banking facilities we enjoyed there. These would demand that the product would be centralized within its reach. Germany distributed the nuts to Russia, Austria, Italy, etc., and there is no reason why this distribution could not be made from the United States. Out of a total production of 28,000 tons we export 20,000 tons, the rest being divided between Colombia, Panama and the Amazon River.

Our straw hats, improperly named "Panama hats" also represent a very important line. Although they are not articles of absolute prime necessity their use has become so extended and their price is so moderate that they can be considered as a commodity, not superfluous. There is no reason why their central distributing market should not be here. It is only a matter of banking facilities.

Now that your banking laws permit American institutions of credit to ac-

cept drafts, as was done in London, Paris and Hamburg, it is even logical that the centralization of Latin American export trade should be sought from here. Permanent investments of capital are not needed; only the use of credit for a short time. This credit is always well guaranteed as, goods exported, well represent the value drawn against them.

Our total exports, as I have stated, amount to \$13,500,000 American gold per annum. All is sold and normal stocks respond always, not to actual cash disbursements, which are not necessary, but to acceptances. In the yearly evolution this stock does not exceed as a rule \$3,000,000. Certainly, a very small sum as compared with the enormous banking turn-over of American banking.

IMPORTS

Our imports are chiefly from Europe, and aggregate about \$10,600,000 per annum, distributed as follows:

United Kingdom	\$3,200,000
United States	2,800,000
Germany	2,200,000
France	600,000
Belgium	500,000
Italy	500,000
Spain	400,000
Peru	200,000
Other countries	200,000

Total\$10,600,000

Why is the current more from Europe than from here? Because of credit facilities more than anything else. While the United States demands cash, or at the utmost 60 or 90 days time is granted, we have been accommodated in France, Germany and the United Kingdom with credit extending from 3 to 12 months. We have to prefer credit because our local resources are insufficient. While here a store may renew its supplies within very few days, as and when its business will require, we must carry a much larger stock to sell at six months at least. This obliges us to ask for credit for a longer time and for a larger value. This is so simple that it needs no further comment.

Shall we increase our purchases here in proportion to what we are unable to procure in Europe? NO: If conditions are exacted which are impossible for us to fulfill, and if we are not assisted in selling or holding our exports for a while. YES: If we are helped in both ways.

E. GALLARDO,
Consul General from Ecuador.

Panama Canal Traffic

Two hundred and fifty-seven vessels, used the Panama Canal before December 1, 1914. Two hundred and twenty-seven were laden.

By principal routes, and with an indication of the tonnage on which tolls are assessed, this traffic may be summarized as follows:

Coastwise, eastbound	51	320,155
Coastwise, westbound	61	282,020
U. S. Pacific Coast to Europe	31	248,020
Europe to U. S. Pacific Coast	8	38,318
South America to U. S. and Europe	24	166,917
U. S. and Europe to South America	15	74,644
U. S. Atlantic Coast to Far East	24	138,207
Miscellaneous routings	7	19,203
Vessels without cargo	30	

Total257 1,297,484

The tolls collected on this traffic aggregated \$1,135,205. Collections of tolls began in May, 1914, when barges were first allowed to use the canal, and assumed considerable volume with the opening of the Canal on August 15 to ocean going vessels.

Young Men's Chamber of Commerce

The organization of chambers of commerce composed of young men, to cooperate with chambers of commerce already established and controlled by older men, is outlined in the following article which has been contributed by Mr. Hugh D. Hart, one of the Board of Governors of the Young Men's Chamber of Commerce of Little Rock, Arkansas.

THE Young Men's Chamber of Commerce of Little Rock arose out of a political organization known as the Young Men's Good Government Club. Political affairs in Little Rock were for many years passing through the same condition as a great many other cities, being under the domination of a political machine of the old order. Their holding of power had never been successfully challenged by the progressive element of citizens, until it had become an unwritten proverb that they could not be beaten. During the municipal campaign of 1911, the young men of the city banded together into an aggressive organization to aid in the campaign of the reform element. It was not long until they were recognized by the leaders in the reform movement as a tremendous power, in fact were practically put in control of the campaign. Such enthusiasm as they engendered will not soon be forgotten. Their mass meetings, presided over by their members, and addressed by their eloquent young speakers, literally inflamed the whole city into political activity. They systematically circularized the voters, canvassed the situation thoroughly and on election day provided not only workers at the polls but conveyances in which the voters could be brought to the polls to vote. They called up indifferent supporters of the reform ticket and reminded them to vote, and got the women interested in urging recalcitrant husbands and fathers to go to the polls. The result was a sweeping victory for the reform ticket, accredited largely to the efforts of the young men. This is what opened the eyes of the people of Little Rock to the community-value of their young men; this is how Little Rock found out that she possessed in them a power for civic righteousness, that she had never recognized before.

PERMANENT INFLUENCE SOUGHT

As soon as the political situation had cleared away, there were some who thought that these young men should be given an opportunity to exert their influence for the community's welfare along other than merely political lines. One night two and a half years ago a dozen of the young men who had been leaders in the Good Government Club met and expressed the desire to form a young men's commercial body, along the lines above indicated. They were assisted and encouraged by the Secretary of the Little Rock Chamber of Commerce, himself a very inspiring and excellent man. The organization, born out of this beginning, is the Young Men's Auxiliary of the Little Rock Chamber of Commerce, or more commonly known as the Young Men's Chamber of Commerce, of Little Rock.

We have always heard it said that there is nothing new under the sun. The Young Men's Chamber of Commerce almost breaks this axiom, for this is the first commercial organization, composed of young men entirely, that has ever been organized. Boston has an Under Forty division, and Chicago recognizes its young men by giving an annual banquet to the Sons of Members, but here we have a commercial organization with two hundred

members between the ages of twenty-one and thirty-one inclusive who pay regular monthly dues, have regular bi-monthly meetings, who maintain a salaried secretary twenty-five years old, and who carry on the work of a commercial body along lines modeled after those of the usual Chambers of Commerce. Since this Chamber started, two and a half years ago, the idea has spread to five other cities of Arkansas and they have established young men's associations modeled after the Little Rock Chamber.

CONSTITUTION AND PURPOSE

The constitution of the Young Men's Chamber of Commerce provides that no person shall be eligible to membership who has passed the age of thirty-one; from twenty-one to thirty-one, a cycle of ten years constitutes the age limit, and when a member has passed the age of thirty-one, no matter how useful he may have been, he automatically ceases to be a member, and is graduated into the senior Chamber of Commerce. The purpose of this is two-fold: first, to preserve the youthful vigor of the Young Men's Chamber of Commerce, and second, to provide a feeder for the older Chamber of Commerce. The organization is wise in keeping its youth unimpaired. Young men are glad to serve their communities, if they can do so in conjunction with other young men, where their association together in civic work will not be deemed presumptuous; where they will feel free to express themselves among their peers, without the restraint which is bound to suppress them, if they are in an organization where older men predominate.

For instance, there is one enthusiastic young fellow who makes an excellent member of the Young Men's Chamber of Commerce, who was a member of the Senior Chamber of Commerce prior to the organization of the junior auxiliary. He was punctual at the meetings of the latter organization; he sat down by the side of grey haired bank presidents and wealthy merchants past middle age. Matters came up in which he was interested and in which he would have been pleased to take a part. But he felt awed by the presence of these older and more prominent citizens, and properly realized that he would be deemed presumptuous in asserting his initiative before them. It might be argued that contact on the part of young men with successful men of maturer years is a good thing; that they should covet that opportunity. That is true where the association breeds activity in the young men, but where it stamps out initiative, as in the nature of the circumstances it does when young men form the tail end of an organization of older men, it is not a good thing. Where membership in a commercial organization breeds passivity instead of activity, it curbs rather than prompts the much desired quality of civic patriotism. And again, just as an older organization has a tendency to ultra-conservatism, so a body of younger men has a tendency to radicalism. The Senior Organization thus needs a strictly youthful body to counteract its conservatism and brace it up with enthusiasm and energy, just as the Junior Chamber needs the wisdom born of experience to steady it, which is supplied it by the Senior Chamber. The Young Men's Chamber of Commerce of Little Rock

has been criticised for its supposed aloofness from the older body. No criticism could be more unjust. What finer theory of cooperation could be evolved than that described above? But the closeness of the two bodies is further emphasized by the fact that they occupy the same quarters, and the secretary of the Young Men's Chamber serves as Assistant Secretary of the Senior Chamber. The Secretary of the Senior Chamber is a close adviser of the Board of Governors of the younger body, having access to all regular meetings of the Young Men's Chamber and of the Board, and he, or other members of the Senior organization, are consulted upon every important move made by the young men. The alignment of the two associations is further connected by a provision in the constitution of the Senior organization, allowing the Young Men's Chamber to have one of their members elected to the board of governors of the Senior Organization.

SERVICES RENDERED

The purpose of the Young Men's Chamber of Commerce is to serve the community. Its sphere of service is confined within those limits corresponding with the abilities of men of twenty-one to thirty-one years. Hardly could it be expected that such an organization would bring to a city large commercial enterprises, or new industries. This is a task for the older chamber. But it can be of fine practical importance in performing duties which perhaps do not come exactly within the scope of the regular Chamber of Commerce. As an illustration there might be cited the service performed by the Young Men's Chamber of Commerce in relieving the Senior Chamber of Commerce of the responsibilities connected with Little Rock Day at Hot Springs State Fair. This fair is an important annual event in Arkansas, and Hot Springs accorded Little Rock the honor of setting apart a special day in recognition of the importance of the capital city. Those in charge of the fair tendered the invitation through the Little Rock Chamber of Commerce, which in turn referred it to the Young Men's Chamber. The latter took hold of the affair, organized a special train, made arrangements with the railroads for special rates, arranged a monster parade in Hot Springs, and attended to the details of Little Rock Day in a most satisfactory manner. The older body was thus successfully relieved of a vexatious, though important task, at a time when it was head over heels at work in a campaign for a large industrial fund to bring new industries to the city. There are certain practical matters that need attention in a city, and yet which come within the range of nobody's business. Take the trash-can problem. It may seem a small problem, and is perhaps one that is beneath the dignity of a Chamber of Commerce of older men. But it was not too small a problem for the Young Men's Chamber of Commerce of Little Rock when they found upon investigation that Little Rock needed new garbage cans, and more of them throughout the city. So it set about making provision for securing new and sanitary cans, and placing them in proper locations. These two illus-

trations will give an idea of the field of practical service which lies before the young men's commercial organization.

NATIONAL CHAMBER SUGGESTED

But more important than any tangible achievement of the Young Men's Chamber of Commerce is its function of training young men for citizenship. There does not appear to exist any training place for practical citizenship in this country. Our Universities indirectly aim at that end, as do all institutions that aim at making better men; but schools of citizenship we find lacking. The Young Men's Chamber of Commerce in a measure at least supplies this need.

How simple then it would be to inaugurate a nation-wide campaign to organize a National Young Men's Chamber of Commerce, to be a fitting young men's auxiliary to the Chamber of Commerce of the United States. Let the Chamber of Commerce of the United States consider plans for financing a national headquarters in Washington, and employing the services of a secretary for the period of one year—get a secretary in the personage of a young man—let him go over the country to those cities where the Chamber of Commerce of the United States has its most enthusiastic branches, and there address the young men of those cities and organize them after the manner of the Little Rock Young Men's Chamber. After one year the proper type of Secretary could have aroused enough support to finance the National Young Men's Chamber headquarters and carry on its propaganda over the country. How big is the idea: how strange it has not before been suggested: how really simple it would be to get the movement started—the financing of a headquarters and a secretary for a period of one year. Is this not worthy the consideration of the Directors of the Chamber of the United States.

Trade Conference

(Continued from page 6.)

DEPARTMENT OF COMMERCE

RESOLVED, that whereas, the work of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, through its American consular service, its commercial attaches, and special agents stationed in all foreign countries, has proven itself of so great value to American manufacturers, importers and exporters, we heartily endorse the splendid work which is being done, therefore be it

RESOLVED, that we commend the Department of Commerce for the splendid service, and pledge our cooperation and support to the end that even a larger appropriation may be secured so that this work can be enlarged and made more effective; be it further

RESOLVED, that a copy of this resolution be transmitted to the chairman of the Committee on Appropriations of the House of Representatives.

EXECUTIVE COMMITTEE

The Executive Committee, subsequently appointed by Mr. Gore to receive the reports of the various committees and to conclude the work of the conference, is as follows: EDWARD E. GORE, Chicago; A. M. LOCKETT, New Orleans; CAPT. J. H. REESE, Memphis; JOHN J. ARNOLD, Chicago; W. H. RUSSELL, Memphis; LOUIS S. GOLDSTEIN, New Orleans; GEORGE WOODRUFF, Joliet, Ill.